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Isabel V. Sawhill

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Still the land of opportunity?

ISABEL V. SAWHILL

AMERICA is known as "the land of opportunity." But whether it deserves this reputation has received too little attention. Instead, we seem mesmerized by data on the distribution of incomes which show that incomes are less evenly distributed than they were 20 or 30 years ago. In 1973, the richest 5 percent of all families had 11 times as much income as the poorest one-fifth. By 1996, they had almost 20 times as much. But it is not only the distribution of income that should concern us. It is also the system that produces that distribution.

Indeed, I would argue that one cannot judge the fairness of any particular distribution without knowing something about the rules of the game that gave rise to it. Imagine a society in which incomes were as unequal as they are in the United States but where everyone had an equal chance of receiving

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This article is based, in part, on Getting Ahead: Economic and Social Mobility in America, *by Daniel P. McMurrer and Isabel V. Sawhill, Urban Institute Press, Washington, D.C., 1998.*

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any particular income—that is, in which the game was a completely unbiased lottery. Although some, especially those who are risk adverse, might blanch at the prospect of losing, and might wish for a more equal set of outcomes a priori (as most famously argued by John Rawls), others might welcome the chance to do exceedingly well. But—and this is the important point—no one could complain that they hadn't had an equal shot at achieving a good outcome. So the perceived fairness of the process is critical, and the rules governing who wins and who loses matter as much as the outcomes they produce.

In talking about this issue, we often invoke the phrase "equal opportunity," but we seldom reflect on what we really mean by "opportunity," how much of it we really have, and what we should do if it's in short supply. Instead, we have an increasingly sterile debate over income equality. One side argues for a redistribution of existing incomes, through higher taxes on the wealthy and more income support for the poor. The other side argues that inequality reflects differences in individual talent and effort, and as such is a spur to higher economic growth, as well as just compensation for unequal effort and skill. If there is any common ground between these two views, it probably revolves around the idea of opportunity and the measures needed to insure that it exists.

Opportunity first

The American public has always cared more about equal opportunity than about equal results. The commitment to provide everyone with a fair chance to develop their own talents to the fullest is a central tenet of the American creed. This belief has deep roots in American culture and American history and is part of what distinguishes our public philosophy from that of Europe. Socialism has never taken root in American soil.

Public opinion is only one reason to refocus the debate. Another is that the current emphasis on income inequality begs the question of how much inequality is too much. Virtually no one favors a completely equal distribution of income. Inequality in rewards encourages individual effort and contributes to economic growth. Many would argue that current inequalities far exceed those needed to encourage work, sav-

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ing, and risk taking, and further that we need not worry about the optimal degree of inequality in a society that has clearly gone beyond that point. But the argument is hard to prove and will not satisfy those who believe that inequality is the price we pay for a dynamic economy and the right of each individual to retain the benefits from his or her own labor. In light of these debates, if any public consensus is to be found, it is more likely to revolve around the issue of opportunity than around the issue of equality.

A final reason why opportunity merits our attention is that it gets at the underlying processes that produce inequality. It addresses not just the symptoms but the causes of inequality. And a deeper understanding of these causes can inform not only one's sense of what needs to be done but also one's sense of whether the existing distribution of income is or is not a fair one.

Three societies

Consider three hypothetical societies, all of which have identical distributions of income as conventionally measured. The first society is a meritocracy. It provides the most income to those who work the hardest and have the greatest talent, regardless of class, gender, race, or other characteristics. The second one, I will call a "fortune-cookie society." In this society, where one ends up is less a matter of talent or energy than pure luck. The third society is class-stratified. Family background in this society is all important, and thus you need to pick your parents well. The children in this society largely end up where they started, so social mobility is small to nonexistent.

The United States and most other advanced countries are a mixture of these three ideal types. Given a choice between the three, most people would probably choose to live in a meritocracy. Not only do the rules determining success in a meritocracy produce greater social efficiency but, in addition, most people consider them inherently more just. Success is dependent on individual action. In principle, by making the right choices, anyone can succeed, whereas in a class-stratified or fortune-cookie society, people are buffeted by forces outside their control. So, even if the distribution of income in

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each case were identical, most of us would judge them quite differently. We might even prefer to live in a meritocracy with a less equal distribution of income than in a class-stratified or fortune-cookie society with a more equal distribution. Indeed, social historians have found this to be the case. The American public accepts rather large disparities in income and wealth because they believe that such disparities are produced by a meritocratic process. Even those at the bottom of the distribution believe that their children will do better than they have. It is this prospect, and the sense of fairness that accompanies it, that has convinced the American body politic to reject a social-welfare state.

For the last 25 years, the top one-fifth of the population has been improving their prospects while the other 80 percent has lagged behind. Yet no one has rebelled. The many have not imposed higher taxes on the few. (Small steps in this direction were taken in 1993, but the Democratic president who proposed them later apologized to a group of wealthy donors for doing so.) Even welfare recipients tell survey researchers that they consider the new rules requiring them to work at whatever job they can get fair. They plan on "bettering themselves." Such optimism flies in the face of studies suggesting that women on welfare (and those similar to them) will earn poverty-level wages for most of their lives. But it is an optimism that is characteristically, if in this case poignantly, American.

Several points need to be made about our purported meritocracy. The first is that even a pure meritocracy leaves less room for individual agency than is commonly believed. Some of us are blessed with good genes and good parents while others are not. The second is that the United States, while sharing these inherent flaws with other meritocracies, remains a remarkably dynamic and fluid society. Although it is not a pure meritocracy, it has moved closer to that ideal than at any time in its past. The third point is that, in the past, a rapid rate of economic growth provided each new generation with enhanced opportunities. It was this fact, in large part, that contributed to our image as the land of opportunity. But a mature economy cannot count on this source of upward mobility to leaven existing disparities; it needs instead to re-

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pair its other two opportunity-enhancing institutions: families and schools. The remainder of this essay elaborates on each of these points.

The inherent limits of a meritocracy

In a meritocracy, one would expect to find considerable social and economic fluidity. In such a system, the abler and more ambitious members of society would continually compete to occupy the top rungs. Family or class background, per se, should matter little in the competition while education should matter a lot.

The social-science literature contains a surprising amount of information on this topic. Based on my own reading of this literature, I would argue that social origins or family background matter a good deal. Not everyone begins the race at the same starting line. The kind of family into which a child is born has as much or more influence on that child's adult success than anything else we can measure. Yes, education is important too, but when we ask who gets a good education, it turns out to be disproportionately those from more advantaged backgrounds. Well-placed parents are much more likely to send their children to good schools and to encourage them to succeed academically. In short, although not as evident as in a class-stratified society, even in a meritocracy one had better pick one's parents well.

Why do families matter so much? There are at least three possibilities. The first is that well-placed parents can pass on advantages to their children without even trying: They have good genes. The second is that they have higher incomes, enabling them to provide better environments for their children. The third is that they are simply better parents, providing their children an appropriate mix of warmth and discipline, emotional security and intellectual stimulation, and preparation for the wider world.

It has proved difficult to discover which of these factors is most important. However, as Susan Mayer demonstrates in her recent book, *What Money Can't Buy*, the role of material resources has probably been exaggerated. Most studies have failed to adjust for the fact that parents who are successful in the labor market have competencies that make them good

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parents as well. It is these competencies, rather than the parents' income, that help their children succeed. I don't want to leave the impression that income doesn't matter at all. It enables families to move to better neighborhoods; it relieves the stresses of daily living that often produce inadequate parenting; and, most obviously, it enables parents to purchase necessities. Still, additional income assistance, although possibly desirable on other grounds, is not likely to produce major changes in children's life prospects.

Genes clearly matter. We know this from studies of twins or siblings who have been raised apart. However, IQ or other measures of ability are at least somewhat malleable, and differences in intelligence only partially explain who ends up where on the ladder of success. Good parenting and an appropriate home environment are much harder to measure, but studies suggest that they may explain a substantial portion of the relationship between family background and later success in school or in the labor market. In addition, children with two parents fare much better than those with only one, in part because they have higher incomes but also because the presence of a second parent appears, according to all of the evidence, to be beneficial in and of itself.

So, for whatever reason, families matter. Unless we are willing to take children away from their families, the deck is stacked from the beginning. And even if one could remove children from their homes, there would still be the pesky little matter of differences in genetic endowments. Since a meritocracy has no good way of dealing with these two fundamental sources of inequality, it is a pipe dream to think that it can provide everyone with an equal chance. If we want a society in which there is less poverty and more equality, we will have to work harder and more creatively to compensate for at least some of these initial advantages and disadvantages.

How much social mobility?

Whatever its flaws, a meritocracy is clearly better than some of the alternatives. Although economic and social mobility may be inherently limited, it exists. But just how much of it do we actually have in the United States? Do families matter so much that children can rarely escape their origins? Do people

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move up and down the economic ladder a little or a lot? Before attempting to answer these questions, let us consider a simple example of a society consisting of only three individuals: Minnie, Mickey, and Mighty.

Assume that Minnie, Mickey, and Mighty start with incomes (or other valued goods) of $20,000, $30,000, and $40,000 respectively. Now imagine that Minnie's children do extremely well, moving from an income of $20,000 to one of $40,000. Mighty's children, by contrast, fall in status or well-being from $40,000 to $20,000. Mickey's situation doesn't change. This is the sort of social mobility we would expect to find in a meritocracy. It is a story of rags to riches (or the reverse) in a generation. *Note that the distribution of income, as conventionally measured, has not changed at all.* As Joseph Schumpeter once put it, the distribution of income is like the rooms in a hotel—always full but not necessarily with the same people.

This same rags-to-riches story can occur over a lifetime as well as between generations. Those at the bottom of the income scale often move up as they accumulate skills and experience, add more earners to the family, or find better jobs. Those at the top may move down as the result of a layoff, a divorce, or a business failure. Thus any snapshot of the distribution of incomes in a single year is unlikely to capture the distribution of incomes over a lifetime. For example, in a society in which everyone was poor at age 25 but rich at age 55, the distribution of annual incomes for the population as a whole would be quite unequal, but everyone would have the same lifetime incomes!

Now note that it is theoretically possible for the distribution of income to become more unequal at the same time that the Minnies of the world are improving their status. Is this what happened over the last few decades in the United States? The answer is yes and no. On the one hand, we know that there is a lot of income mobility within the population. Every year, about 25 percent or 30 percent of all adults move between income quintiles (say, from being in the bottom one-fifth of the income distribution to being in the second lowest fifth.) This rate increases with time, approaching 60 percent over a 10-year period. So there is considerable upward and downward movement. A lot of the Minnies in our society

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move up, and a lot of the Mightys move down. A few of the Minnies may even trade places with the Mightys of the world, as in our example. On the other hand, most people don't move very far; many remain stuck at the bottom for long periods; and some apparent moves are income reporting errors. (These are particularly large among the very poor and the very wealthy whose incomes tend to come from unearned sources that are difficult to track and that they may be reluctant to reveal.) Most importantly, from the data we have, there is no suggestion of more mobility now than there was 20 or 30 years ago. So one can't dismiss complaints about growing income inequality with the argument that it has been accompanied by *more* opportunity than in the past for everyone to share in the new wealth.

But what about Minnie's and Mighty's children? Suppose we look at mobility across generations instead of looking at it across their own life cycles? Here, the news is much more positive. Social mobility in America appears to have increased, at least since 1960, and probably going back to the middle of the last century (though the data for measuring such things is much better for the more recent period). This conclusion is based on studies done by Michael Hout, David Grusky, Robert Hauser, David Featherman, and others—studies that show less association between some measure of family background and eventual adult career success now than in the past. This association has declined by as much as 50 percent since the early 1960s, according to Hout.

What has produced this increase in social mobility? The major suspects are a massive broadening of educational opportunities, the increased importance of formal education to economic success, and more meritocratic procedures for assigning workers to jobs (based on "what you know rather than who you know"). In addition, the extension of opportunities to some previously excluded groups—most notably women and blacks—has produced greater diversity in the higher, as well as the lower, ranks.

How much economic mobility?

Now return to our three-person society and consider a second scenario. In this one, the economy booms, and Minnie,

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Mickey, and Mighty all double their initial incomes from $20,000, $30,000, and $40,000 to $40,000, $60,000, and $80,000. Clearly, everyone is better off, although the relative position of each (as well as the distribution of income) is exactly the same as before. It is this sort of economic mobility, rather than social mobility per se, that has primarily been responsible for America's reputation as the land of opportunity. In other words, the growth of the economy has been the most important source of upward mobility in the United States; it is the reason that children tend to be better off than their parents. In a dynamic economy, a farmer's son can become a skilled machinist, and the machinist's son a computer programmer. Each generation is better off than the last one even if there is no social mobility. (Class-based differentials in fertility aside, social mobility—as distinct from economic mobility—is, by definition, a zero-sum game.)

But, as important as it was historically, economic mobility has been declining over the past few decades for the simple reason that the rate of economic growth has slowed. Young men born after about 1960, for example, are earning less (in inflation-adjusted terms) than their fathers' generation did at the same age. It would be nice to assume that a higher rate of growth is in the offing as we enter a new century. Certainly, new technologies and new markets abroad make many observers optimistic. But whatever the force of these developments, they haven't yet improved the fortunes of the youngest generation.

In sum, both these factors—the increase in social mobility and the decline in economic mobility—have affected prospects for the youngest generation. The good news is that individuals are increasingly free to move beyond their origins. The bad news is that fewer destinations represent an improvement over where they began. For those concerned about the material well-being of the youngest generation, this is not a welcome message. But for those concerned about the fairness of the process, the news is unambiguously good.

Class stratification

Not only has economic growth slowed but its benefits now accrue almost entirely to those with the most education. Simply being a loyal, hard-working employee no longer guarantees

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that one will achieve the American dream. Whatever progress has been made in extending educational opportunities, it has not kept pace with the demand. Men with a high-school education or less have been particularly hard hit. The combination of slower growth and a distribution of wage gains that have favored women over men and the college educated over the high-school educated since the early 1970s has hurt poorly educated men. Their real incomes are less than one-half what they otherwise would have been in 1995. Education is, to put it simply, the new stratifying variable in American life. This, of course, is what one would hope for in a meritocracy, but only if everyone has a shot at a good education.

It is said that Americans would rather talk about sex than money. But they would rather talk about money than class, and some would rather not talk about the underclass at all. Many people consider the label pejorative, but research completed in the past decade suggests that such a group may indeed exist. Its hallmark is its lack of mobility. This group is not just poor but persistently poor, often over several generations. It is concentrated in urban neighborhoods characterized by high rates of welfare dependency, joblessness, single parenthood, and dropping out of school. It is disproportionately made up of racial and ethnic minorities. Although still relatively small (a little under three million people in 1990, according to an Urban Institute analysis of Census data), it appears to be growing. Anyone who doubts the existence of such a group need only read the detailed first-hand portrayals of ghetto life in Alex Kotlovitz's *There are No Children Here,* Leon Dash's *Rosa Lee*, or Ron Suskind's *A Hope in the Unseen*. These accounts suggest that dysfunctional families, poor schools, and isolation from mainstream institutions are depriving a significant segment of our youth of any prospect of one day joining the middle class.

All of this is by way of a caution: Whatever the broader trends in economic and social mobility, there may be enclaves that get left behind. Moreover, one can argue that it is this subgroup—and their lack of mobility—that should be our main concern. The very existence of such a group threatens our sense of social cohesion and imposes large costs on society. Its nexus with race is particularly disturbing.

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What to do?

If families and education matter so much, we had best look to them as sources of upward mobility for all Americans—and especially for those stuck at the bottom of the economic ladder. Imagine a world in which everyone graduated from high school with the basic competencies needed by most employers—a world in which no one had a child before they were married and all had a reasonably decent job. Even if these parents held low-wage jobs, and one of them worked less than full-time, they would have an income sufficient to move them above the official poverty line (about $12,000 for a family of three in 1995). The entry-level wage for a male high-school graduate in 1995 was $15,766. If his wife took a half-time job at the minimum wage, they could earn another $5,000 a year. No one should pretend that it is easy to live on $20,000 a year, especially in an urban area. Rent, utilities, and work-related expenses alone can quickly gobble up most of this amount. It would make enormous sense, in my view, to supplement the incomes of such families with an earned income tax credit, subsidized health care, and subsidized child care.

What does not make sense is to insist that the public continue to subsidize families started by young unwed mothers. As of 1990, 45 percent of all first births were to women who were either teenagers, unmarried, or lacking a high-school degree. Add in all those with high-school diplomas that are worthless in the job market, and the picture is even grimmer. *There is no public-policy substitute for raising a child in a home with two parents who are adequately educated.*

Of course, poorly educated parents are nothing new. In fact, the proportion of mothers who are high-school graduates is higher now than it has ever been. But bear in mind that in the past mothers were not expected to work (in part because far more of them were married), that the economy didn't require people of either sex to have nearly as much education, and that the proportion of children in single-parent families was a fraction of what it is today. Because of increases in divorce and especially out-of-wedlock childbearing, we now have a situation in which three-fifths of all children will spend time in a fatherless family. Almost one-third of all children are born out of wedlock in the United States, and the propor-

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tion exceeds one-half in such cities as New York, Chicago, Philadelphia, Detroit, and Washington, D.C. One needn't be an advocate of more traditional family values to be worried about the economic consequences of such social statistics. In fact, the growth of never-married mothers can account for almost all of the growth in the child poverty rate since 1970.

Where does the cycle stop? Urban schools that half a century ago may have provided the children of the poor a way into the middle class are now more likely to lock them into poverty. More than half of fourth and eighth graders in urban public schools fail to meet even minimal standards in reading, math, or science, and more than half of students in big cities will fail to graduate from high school. How can America continue to be the land of opportunity under these circumstances? If families and schools are critical to upward mobility, these children have little chance of success. We have no choice but to address both of these issues if we want to provide opportunities for the next generation.

Strengthening families

Despite all the talk about the deterioration of the family, no one knows quite what to do about the problem. Welfare reform, which has not only eliminated AFDC as a permanent source of income for young mothers but also made young fathers more liable to pay child support, may well deter some out-of-wedlock childbearing. The next step should be to make the Earned Income Tax Credit (EITC) more marriage friendly. Today, as a result of the credit, a working single parent with two children can qualify for almost $4,000 a year. But if she marries another low-wage earner, she stands to lose most or all of these benefits. Congress should consider basing the credit on individual, rather than family, earnings. (A requirement that couples split their total earnings before the credit rate was applied would prevent benefits from going to low-wage spouses in middle-income families.) Such a revised EITC would greatly enhance the incentive to marry.

Equally important, we should find top-quality child care for those children whose mothers are required to work under the new welfare law. Indeed, such care might provide them with the positive experiences that they often fail to get within

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the home. Such intervention, if properly structured to accomplish this goal, can pay rich dividends in terms of later educational attainment and other social outcomes. The research on this point is, by now, clear. Although early gains in IQ may fade, rigorous studies have documented that disadvantaged children who receive a strong preschool experience are more likely to perform well in school.

Some argue that out-of-wedlock childbearing is the result of a lack of jobs for unskilled men. Although I don't think the evidence backs this view, it may have some merit. If so, we should offer jobs to such men in a few communities and see what happens. But we should tie the offer of a job to parental responsibility or give preference to men who are married.

Finally, I am convinced that messages matter. Many liberals argue that young women are having babies out of wedlock because they or their potential spouses are poor and face bleak futures. It is said that such women have no choice but to become unwed mothers. As an after-the-fact explanation, this may be partly true, but it is often accompanied by too ready an acceptance of early, out-of-wedlock childbearing by all concerned. Such fatalistic expectations have a way of becoming self-fulfilling. Just as it is wrong to presume that poor children can't excel in school, so too it is wrong to suggest to young women from disadvantaged backgrounds that early out-of-wedlock childbearing is their only option. The fact remains that education and deferred childbearing, preferably within marriage, are an almost certain route out of poverty. Perhaps if more people were willing to deliver this message more forcefully, it would begin to influence behavior. Though the question needs to be studied more closely, it would appear that the decline in welfare caseloads since 1993 was triggered, in part, by a new message. Moreover, the new emphasis on conservative values may have contributed to the decrease in teen pregnancy and early childbearing since 1991. These new values can explain as much as two-thirds of the decline in sexual activity among males between 1988 and 1995, according to an Urban Institute study.

Fixing urban schools

We must stem the tide of early, out-of-wedlock births for one simple reason: Even good teachers cannot cope with large

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numbers of children from poor or dysfunctional homes. And equally important, children who are not doing well in school are more likely to become the next generation of teenage mothers. This is a two-front war in which success on one front can pay rich dividends on the other. Lose the battle on one front, and the other is likely to be lost as well.

That many schools, especially those in urban poor neighborhoods, are failing to educate their students is, I think, no longer in dispute. What is contested is how to respond. Some say that the solution lies in providing vouchers to low-income parents, enabling them to send their children to the school of their choice. Others argue that school choice will deprive public schools of good students and adequate resources. They favor putting more money into the public schools. But choice programs have the potential to provide a needed wake up call to these same schools. Too many people are still defending a system that has shortchanged the children of the poor. Public schools are not about to disappear, and no one should believe that choice programs alone are a sufficient response to the education crisis. We should be equally attentive to the new choice programs and to serious efforts to reform the public schools.

In Chicago, for example, a new leadership team took over the school system in 1995-96 and instituted strong accountability measures with real consequences for schools, students, and teachers. Failure to perform can place a school on probation, lead to the removal of a principal, or necessitate that a student repeat a grade. New supports, such as preschool programs, home visiting, after-school and summer programs, and professional development of teachers, are also emphasized. Early indications are that these efforts are working to improve Chicago's public schools.

A more equal chance

I began with a plea that we focus our attention less on the distribution of income and more on the opportunity each of us has to achieve a measure of success, recognizing that there will always be winners and losers but that the process needs to be as fair and open as possible. It can be argued that the process is, to one degree or another, inherently unfair. Chil-

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dren do not have much opportunity. They do not get to pick their parents—or, for that matter, their genetic endowments. It is these deepest of inequalities that have frustrated attempts to provide a greater measure of opportunity. Education is supposed to be the great leveler in our society, but it can just as easily reinforce these initial inequalities.

Thus any attempt to give every child the same chance to succeed must come to terms with the diversity of both early family environments and genetic endowments. In policy terms, this requires favoring the most disadvantaged. Numerous programs from Head Start to extra funding for children in low-income schools have attempted to level the playing field. But even where such efforts have been effective, they have been grossly inadequate to the task of compensating for differences in early environment. Assuming we are not willing to contemplate such radical solutions as removing children from their homes or cloning human beings, we are stuck with a certain amount of unfairness and inequality.

The traditional liberal response to this dilemma has been to redistribute income after the fact. It is technically easy to do but likely to run afoul of public sentiment in this country, including the hopes and dreams of the disadvantaged themselves. They need income; but they also want self-respect. In my view, we must find ways to strengthen families and schools in ways that give children a more equal chance to compete for society's prizes. To do otherwise runs counter to America's deepest and most cherished values.

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Thinking about parent and child

JAMES Q. WILSON

AT one time, a child's behavior was thought to be mainly, if not entirely, the result of how his parents behaved. Nice parents produced nice children, bad parents produced bad children. The pioneering study of delinquents written by Sheldon and Eleanor Glueck in the 1950s made it clear that poor parents created juvenile offenders.

Even after evidence became available that biology played a role in the origins of criminality, family influences still dominated any public discussion. When the late Richard Herrnstein and I published our 1985 book about crime and human nature, some of the most heart-rending letters and telephone calls came from parents—mothers, mostly—who had worked hard to raise a child only to watch him grow up and go to jail. "What did I do wrong?" they asked. Our answer was that maybe the parent didn't do anything wrong. Maybe it was just bad seed: There was evidence that a tendency to commit some kinds of crimes is under genetic influence. Some parents acquire, through birth or adoption, a difficult child who defeats

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their best child-raising efforts. Herrnstein and I were certain that the family environment makes some difference, but it had to contend with a biological heritage that is often hard to alter. I doubt that we consoled many grief-stricken mothers, and I know we did not change how people think of crime. Despite the evidence we reported, crime then was, in the view of the mass media, largely if not entirely the result of the environment.

Then in 1998 came the publication of *The Nurture Assumption*,† by Judith Rich Harris, and suddenly journalists were writing stories with headlines like, "Parents Don't Matter." Whatever children become must be the result of heredity and peer-group pressure, not of parental activity. Her book, written in clear prose and on the basis of a wide knowledge of the scholarship, brought home to the average reader the academic controversy surrounding how much difference parents make. That controversy, however, was at least 15 years old and involves, on both sides of the question, some of the academy's best minds.

The study of genetics

Harris's book grew out of the work of a group of scholars called behavioral geneticists. In general, behavioral genetics aims at finding out how much heredity contributes to human behavior. For many things, such as intelligence and personality, the answer is: Quite a bit. But heredity is not the whole story; for almost every human behavior, there is a lot of variation that cannot be attributed to genes. It must, instead, be attributed to the environment. Arguments about the relative contribution of genes and environment are (erroneously) described in the press as the "nature-nurture debate." The popular discussion of this issue, however, misses the most important finding of behavioral genetics. Its main finding is not that genetics shapes human potential but that the environment is important. However, not just any environment is important, only a certain part of the environment.

What part was the focus of Robert Plomin and Denise Daniels' masterful article, "Why Are Children in the Same

† The Free Press. 350 pp. $25.00.

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Family So Different From One Another?" Every parent of two or more children already knows, of course, that they are different. That difference appears in the first few days or weeks after birth. One child is easy, the other difficult; one child soon sleeps through the night, the other sleeps at most for two or three hours; one child eats like a pig, the other is fussy about food.

Some of those differences are genetic. There is scarcely any parent of a boy and a girl who does not know that, from very early in life, boys are different from girls no matter how they are raised. Most of that difference is genetic. But even two boys or two girls in the same family will be different. Behavioral geneticists estimate how much of that difference is the result of the genes they have. They do this in two ways: by comparing identical twins with fraternal twins and by comparing adopted children raised in a family.

The twin method relies on the fact that identical twins are genetically the same while fraternal twins are no more alike than any pair of siblings. Scholars give to large numbers of both identical and fraternal twins various tests of intelligence and personality to see how similar the two kinds of twins are. If identical twins always score the same and fraternal twins score the same half the time, then we can say that the trait being measured is entirely inherited. That is because identical twins have the same genes and fraternal twins share only half of their genes. In fact, identical twins don't always get the same score. That means that environment, however defined, plays some role in determining their score.

Those who study adopted children use a similar technique. If two children are raised by the same parents, but one child is adopted and the other is born to the parents, then the two children have nothing in common genetically. If a group of such children score the same on tests, then it must be something in the environment that makes them so alike. But if these two kinds of children do not have similar scores, then environment makes little difference.

Now, there are a number of complicating issues here. If identical twins are more similar than fraternal ones, is it because the parents treat identical twins more alike? If adopted children have been selectively placed in families like them,

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this may make the child more similar to the parents. Genes also correlate with the environment in interesting ways. For example, a pregnant woman may be genetically inclined to drink too much alcohol or to abuse drugs, thereby affecting what kind of child will be born. Or a child who, for genetic reasons, is difficult may create so much of a fuss that his parents will spend a lot of time scolding him. Genes help create environments.

But let us set aside these complexities because, taking the research as a whole, they do not disturb its central conclusion. Plomin and Daniels had asked: Why are children in the same family as different from one another as are children from different families? Their answer: Children in one family are *not made more similar because that family provides each of* them with similar surroundings. After one takes into account their genetic makeup, the environment the children have in common—the home, income, education, and parenting style—makes little difference. In Harris's words, "Parenting has been oversold."

An untested hypothesis

What does make a difference? According to Harris and to many behavioral geneticists, it is that part of the environment that the children do *not* have in common. What they have in common is called their shared environment. What they do not have in common is their unshared environment—that is, those experiences that are unique to a given child. In her book, Harris tries to convince us that the key—indeed, the central—unshared environment is a child's peer group.

There are many examples of the power of peer groups. The children of immigrant parents do not grow up speaking an immigrant version of English; they speak the English they learn from other children. Though they are raised by their parents, they do not take their parents' language onto the streets; rather, they bring the language of their English playmates back home. Deaf children learn sign language from other deaf children. Children do not learn their most popular games from their parents; they learn them from other children. Children form baseball or soccer teams with other children, and they detest rival teams. Children learn how to dress

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and walk and date from other children. Children whose peers don't like homework do less homework than children whose friends value educational success.

All of this is true—up to a point. The evidence indicates that children's IQ scores are largely determined by genetics and how the parents behave does not have much (though it may have some) effect. In fact, the effect of genetics on IQ gets stronger as the child gets older. There is also evidence that about half the scores people earn on written tests of personality is determined by heredity; the rest is the result of some combination of measurement errors and the environment, but *not* the shared environment children have in their parents' homes. Various mental pathologies, such as schizophrenia, have both genetic and environmental causes, but the environment that makes the difference is not the one shared in the home. That will be good news to some people: If you have a schizophrenic brother, you won't become schizophrenic just from living in the same home as he does.

But peer groups may not be the whole story. Many other kinds of unshared environments shape children. Each child is the object of whatever special attention mom and dad wish to bestow and whatever rules they wish to enforce. It is maddeningly difficult to sort out these unshared—that is, unique to each child—environments, in part, because they have not been studied very much and, in part, because one must first control for any genetic effects. A mother may indulge her sweet daughter and be tough on the rowdy one. Thus a complex array of factors—genetic makeup (sweet versus rowdy), the mom's temperament (kind versus tough), the actual behavior that mother and daughter display toward each other—determines how each daughter is, in the end, treated. Assigning weights to each of these considerations is not easy.

Indeed, Harris's book is an argument for an untested hypothesis—namely, peer pressure supplies whatever environmental forces operate on a given child. In 1987, when Plomin and Daniels first asked why children in the same family were so different, they said that heredity explains a lot of it. They also pointed out that few studies on peer influence existed from which they could draw conclusions regarding unshared environmental influence. Other than the examples Harris gives

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about learning English or school-yard games, there is still not much evidence on this issue.

And I can supply some counter-examples. When I was growing up, I fell in love with books; but, until I was in high school, I had no bookish friends (and the one such friend I did acquire only saw me on infrequent occasions). My children were both raised in the Boston area and went to public schools with native Bostonians, most of whom spoke with Boston accents. However, my children grew up speaking not "Bostonese" but what my wife and I like to think is "real" English—the Hollywood radio studio English we learned in southern California. Their parents, not their peers, guided them.

But we need not leave it at anecdotes. We know from the research of at least two things that children learn in homes and not on the street—politics and religion. Children become Democrats or Republicans depending on what their parents were; children become Catholics, Jews, Muslims, Protestants, or atheists depending on what their parents believed and practiced. Though the shared environment of the family may not affect the nongenetic component of personality, we know that it affects politics and religion. Of course, some children break away from their parents' views on these matters, but most do not. And surely, we do not wish to say that politics and religion are irrelevant to human life.

Sloppy analysis

In search for evidence for the nonfamily sources of human behavior, Harris draws exaggerated conclusions from the few studies she could find. Several scholars have said that a tendency to commit property crimes is under some genetic influence. (There is, of course, no "crime gene," but there does seem to be a tendency for adopted children to behave more like their biological parents, whom they never knew, than like their adoptive ones who actually raised them.) Consulting two well-known critics of this view, Michael Gottfredson and Travis Hirschi, Harris concludes that they showed that it was the neighborhood in which the children were raised that made them criminal. In fact, they showed no such thing; they only showed (or claimed they had shown) that early studies of

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genetic influences on criminality had not been replicated when the sample size was expanded. They offered no evidence that there was any neighborhood effect on crime.

Harris also argues that an African-American child's neighborhood has a much bigger influence on his delinquency than does his family. She supports this conclusion by referring to two studies that, if you believe them, confirm her view. But there are good reasons for not believing them. One study found its black youth largely by a method that is almost certain to bias the sample—recruiting them by consulting friends, getting referrals from social organizations, and soliciting them with advertisements. And, when it assembled its group, it had only 44 young people who were living in two-parent homes and 108 in single-parent homes. Finally, the study did not examine how the parents behaved toward their children. This hardly supports the view that the neighborhood is more important than parental behavior.

The other study avoided sample bias by taking nearly all of the children in grades two through five in one city. It then compared these young people by looking at their families and their neighborhoods. But the so-called "low socioeconomic status" neighborhoods were not, in fact, so different from the middle-income ones: In the "low" neighborhoods, only 11 percent of the families lived below the poverty line, only 4 percent were unemployed, and only 13 percent received public assistance (the comparable rates for "middle" neighborhoods were 3 percent, 3 percent, and 3 percent). Though these differences were statistically significant, they were not large. The study concluded that poor black children in single-parent families were more aggressive when they lived in low-status neighborhoods than when they lived in middle-status ones. But this study, like the one mentioned above, said nothing about how the parents behaved. One way they could have behaved that would have explained all of these differences is by finding a way, despite their lower incomes, to live in a middle-status, rather than a low-status, neighborhood.

The question of divorce

Another shared environmental influence that may affect children is parental divorce. If mom and dad split up, most people

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think that the children will suffer. Harris rightly points out that many studies of just how bad it is for the children do not take into account other factors that might produce an unhappy effect independently of divorce. Yet she seems eager to show that divorce is not a big deal. Her major bit of evidence is a study done of every child born in Great Britain during one week in 1958. This group—over 17,000 people in all—has been followed for many years. When they were 23 years old, they were analyzed to find out what difference a divorce, if any, had made in their lives. The study found that though parental divorce had an effect on the mental health of the children, it was only a moderate one.

But the study had two limits, both acknowledged by its authors and neither mentioned by Harris. First, only about 12,500 of the 17,000 people could be located. The ones not located could have suffered greater consequences from divorce than those found. Second, there were only 382 divorces in the entire group. That amounts to only 3 percent of the entire group. Remember, these people were born in 1958, when divorce was generally thought to be a bad thing. If divorce is rare, many nondivorced parents will display family problems that harm children, and so the effect of divorce will seem smaller than it would be if divorce (as it is today) were common. In any event, several other studies have consistently shown that children of divorced parents are more likely to have divorces themselves, to have children when they are teenagers, and to bear children out of wedlock.

Harris would respond to these other findings by pointing out, rightly, that they do not take genetics into account. Genetic forces might make a parent both more likely to divorce and to have children who are predisposed to be unhappy. We have at least one study of genetic influences on divorce, a study Harris cites. It shows, as she says, that if one identical twin got divorced, the other twin was also likely to get divorced. By contrast, if one fraternal twin got divorced, the other twin was much less likely to get divorced. Genetic factors (somehow) influence divorce rates, probably by influencing the way in which a person's personality is formed. But this finding cannot leave out environmental factors, any more than genetic influences on crime can leave them out. Otherwise,

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we would be at a loss to explain why divorce rates (like crime rates) have shot up since the early 1960s or why the people in some cultures are more likely to get divorced (or commit crimes) than are people in other cultures. These environmental factors are likely to be shared within a family: That is to say, when a culture teaches parents to accept divorce, the legitimacy (and thus the likelihood) of divorce is taken for granted, and all children experience the assumption more or less equally.

Genes matter

My reservations about how Harris uses studies designed to show that peer influences are more important than family ones reflect both the rarity and weaknesses of such studies. But her book could be read quite differently. It does not show that peers supply the crucial environmental force; what it really shows is that the study of human development has, until recently, seriously neglected the influence of genetic factors. On this score she is quite right.

We cannot make sense of parenting unless we first recognize the genetic contribution to this complex behavior. How a parent behaves toward his child, and vice versa, is influenced by the (partially genetic) personality of each. Parent and child will experience a distinctive mode of influence, some of which is inherited. Punish one child and he is contrite; punish another in the same family, and he is outraged. Since that is the case, how can we say that punishment has some common effect and, on the basis of that effect, can be either praised or criticized?

Moreover, some genetic influences increase as the child gets older. There is absolutely no doubt that intelligence scores are heavily influenced by heredity. What is interesting is that this influence increases as the child ages. When children in a given family had their IQ scores compared at age eight, the correlation was .26. But when they were compared at age 18, the correlation had disappeared (it was now -.01). The IQs of children in the same family become less similar as they get older, until finally they are not similar at all.

When they are young, children do respond to shared environmental influences. It apparently makes a difference if chil-

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dren grow up in a family where reading is taken seriously, where puzzles are put out to be solved, and where an interest is taken in how they talk. But, by the time they are adolescents, the shared family environment doesn't mean much; environmental influences are now almost totally unshared.

Unshared environmental factors

But what are these unshared influences? They may be, as Harris suggests, peer groups. But they may also be anything that is not literally inherited, such as experiences the infant had in the womb (did the mother smoke or drink a lot?), how the child was born (was there a loss of oxygen?), how he interacted with a particular brother or sister (was he or she cranky or nice?), how he responded to differing forms of parental treatment ("mom is always mad at me and never at you!"), peer group pressure ("what do I have to do to be part of the group?"), and measurement error.

Measurement error. That is a social scientist's phrase for failing to measure some trait accurately. And we don't measure much of anything very accurately. We are at our best with IQ; but we are not very good with personality and even worse with parenting styles. How much of the effect of a shared family environment is lost because we haven't measured it accurately? We don't know. There is a way to guess; it is called the test-retest measure. A person is given a personality test and then given the same test a couple of weeks later. Generally, the person gets about the same score the second time as he got the first. Fine, but does that mean we have measured personality accurately or does it only mean that people do paper-and-pencil tests about the same way each time? Objective personality tests are rarely used, and so we must rely on written documents to tell us whether a person is extroverted, agreeable, conscientious, stable, or inventive.

Consider two children who grew up in the same family but are very different. Why are they different? Well, for one thing, they have different genetic makeups. But, after allowing for that, many other possibilities come to mind. Did they grow up to be different because their mother smoked while one was in the womb but had quit smoking by the time the other was a fetus? Did they grow up differently because when one was a

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child the family lived in a tough area with a lot of crime and drug abuse, but when the other was raised the family had moved into a nice home in a quiet neighborhood? Did one child grow up when the parents were always quarreling, but by the time the other grew up they had divorced and their mother had married a nice man? Or, as Harris would argue, did the two children grow up differently because they had different friends? That it must be the friends who made the difference is an interesting hypothesis, but it is far from a tested theory. In fact, the way parents differ in how they treat children is also a hypothesis about which we lack much good data.

Many of the studies of how children grow up, and especially the best ones that take into account all relevant factors, rarely deal with the most deprived part of our society. Suppose one thinks, as I do, that growing up in a family headed by a single mother hurts children, especially if the mom became pregnant when she was an unmarried teenager. A lot of evidence supports this view, as Sara McLanahan and Gary Sandefur demonstrated in *Growing Up With a Single Parent*. Harris attacks this view, and in particular McLanahan and Sandefur's book, by pointing out that it consists of statistical correlations that do not tell us much, if anything, about causation. That is true. But not all correlations are meaningless: Those that have been achieved by different scholars using different measures, and which control for all other measurable factors, have some weight. They surely should be given more weight than the view that peer groups cause all nongenetic variation, an argument for which scarcely any study, whether using correlations or anything else, exists. Several people have suggested in reviews that Harris has a higher standard of evidence for studies she dislikes than for studies she likes. I think that is probably true.

But let us look more closely at how she attacks McLanahan and Sandefur's book. She points out that single-parent families are generally much poorer than two-parent families and often live in distressed neighborhoods, and so perhaps it is the low-income or distressed neighborhood, and not the single mom, that causes the harm. What she does not disclose is that McLanahan and Sandefur investigated these issues directly and

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found that income *and* neighborhoods *and* being a single parent all have an independent effect on the child's well-being. To ignore what McLanahan and Sandefur said in order to knock down evidence against a pet hypothesis is academically irresponsible.

Half empty

Harris's book, in my opinion, offers no policy guidance, but it does offer some useful academic suggestions. There is enough evidence that poverty, undesirable neighborhoods, and family structure affect the well-being of children for people to continue to find ways of alleviating these problems. Harris's book offers no new information that would help us do this better or do something else instead. But she does rightly point out how weak much of developmental psychology and sociology have become by ignoring the rapidly growing body of evidence that heredity matters. No study that ignores genetic factors can be taken seriously. Perhaps this argument—long known to specialists, but now set forth for all to read—can explain the hostile reactions her book has received from some reviewers.

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How to save our shrinking cities

WITOLD RYBCZYNSKI & PETER D. LINNEMAN

THE first half of the twentieth century saw the widespread emergence of large cities in the United States. In 1900, there were only six cities with more than half a million inhabitants; only 50 years later, there were 17 such cities. Much of this urban growth was stimulated by two world wars and the government-supported expansion of war-related industries, most located in big Northeastern and Midwestern cities. The largest cities also benefited from the fact that for more than a decade after the Second World War the United States was the only country in the world with its manufacturing facilities intact.

It was inevitable that eventually things would change. Europe and Japan rebuilt themselves and challenged the dominance of U.S. urban manufacturing. The previous rapid growth of large cities began to level out, and new urbanization patterns emerged. One of these patterns was a change in the

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kind of cities Americans chose to live in. We differentiate between small cities (100,000 to 500,000 inhabitants) and large cities (more than 500,000 inhabitants). In 1900, eight million Americans lived in large cities as compared to less than five million in small cities.

Over the next 50 years, the total population of the large cities increased at a faster rate than that of the small cities, and, by 1950, the large cities were home to more than 26 million people, compared to about 13 million for the small cities. However, after 1950, this pattern began to reverse, and the total population of small cities grew more quickly. By 1990, for the first time in the twentieth century, more Americans lived in small cities than in large ones. This situation is likely to continue for some time. For example, between 1980 and 1990, the total population of the small cities increased by a remarkable 17.3 percent, compared to 6 percent for large cities, and 9.7 percent for the nation as a whole.

Forces of change

What drove this reversal? The growth of small cities and the decline of large cities in the postwar period resembled the contemporary restructuring of the steel industry, where new small plants replaced old large mills. Technological advances made the old steel plants obsolete and took their toll on large cities. The confluence of river and barge commerce, railroads, and the telegraph fueled urban centralization throughout the nineteenth century. In the early 1900s, these forces were reinforced by the efficiencies of scale in urban infrastructure technology, such as water supply, sewage treatment, and streetcars. However, the post-World War II period witnessed the predominance of car and truck commerce, the expansion of air travel, the evolution of modern telecommunications, and massively improved efficiencies in the provision of sewer- and water-treatment facilities. All of these changes facilitated urban decentralization. Air conditioning opened up large parts of the country to year-round occupancy, just as heating technologies had done centuries before. Entertainment and communication technologies, including television, the VCR, and the personal computer, greatly reduced the sense of cultural inferiority and isolation that historically characterized life in

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small cities. Now, a small city with an airport and access to an interstate highway became just as good a place from which to conduct business as the downtown of a large city. Land economics allowed residents of small cities to enjoy larger (and newer) homes while still being able to see their favorite sports team, watch first-run movies, and enjoy concerts on cable TV.

These technological changes were fueled by the evolution of increasingly efficient capital markets. Capital markets actively sought out, and provided capital to the best businesses, even if they were not in the biggest cities. Examples include: The Limited (Columbus, Ohio), WalMart (Bentonville, Arkansas), Microsoft (Seattle), and Turner Broadcasting (Atlanta). In addition, the municipal bond market increasingly provided equal access to capital (for public infrastructure) to cities and communities that had previously been too small to tap this source.

In older cities, an aging infrastructure imposed increasingly high capital and operating costs. In contrast, smaller cities had recently installed new infrastructure with low maintenance and operating costs. Older cities flourished when they were the newest, cheapest, and most modern. The mantel has now passed to a new set of cities and suburbs.

However, not all large cities were equally affected by these trends. Of the 77 cities with current (1990) population in excess of half a million, 51 actually grew by an average of 539 percent between 1950 and 1990. The nine largest of these (Los Angeles, Houston, San Diego, Dallas, Phoenix, San Antonio, San Jose, Jacksonville, and Columbus) grew from 1950 to 1970, and continued to grow during the next two decades. Nevertheless, 26 of the 77 cities shrank (by an average of 24 percent) between 1950 and 1990. Moreover, these shrinking cities include some of the largest in the country. Seven of the largest cities that declined (New York, Chicago, Philadelphia, Detroit, Baltimore, Washington, D.C., and Boston) have been doing so steadily since 1950. Indianapolis, Milwaukee, and Memphis declined in population between 1970 and 1990, although they grew between 1950 and 1970. Only one major city, San Francisco, reversed its 1950-70 decline during the following two decades.

Two facts stand out about the decline of the largest cities. First, the population losses have been significant. Chicago,

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New York, and Detroit have each lost about half a million people each since 1970 while Philadelphia has lost more than 350,000 over this period. Second, this decline is neither merely recent nor episodic. The cities that are shrinking have been doing so steadily for the last half of this century, and, according to the recent U.S. Census figures, the decline continues to the present day.

Some of the population increases in the growing cities have been the result of the aggressive annexation of surrounding cities and towns. Since 1950, the fastest growing seven major cities (Phoenix, San Jose, San Diego, Jacksonville, Houston, Dallas, and San Antonio) have each at least doubled their areas through annexation. In the case of Phoenix and Jacksonville, the increase in area has been more than twentyfold. Some of the urban growth, especially in California, Texas, and Florida, has been due to immigration. In fact, were it not for the steady flow of immigrants, cities like New York, Chicago, and Washington, D.C., would have experienced massive population losses.

Against this backdrop of the decline of the largest cities and the growth of our smaller cities, it is imperative to remember that every metro area has experienced population growth since 1950. Thus, although the cities of St. Louis, Cleveland, and Detroit lost about half their populations between 1950 and 1990, their metro areas each notably expanded. Similarly, while the city of Philadelphia lost about half a million people during this period, Philadelphia's metro area grew by more than a million. This means that the cities that shrank did so not because they were part of dying regional economies but, rather, in spite of strong regional growth.

Vertical cities and horizontal cities

The cities that have declined can be called vertical cities while the growing ones are best thought of as horizontal cities. These two prototypes differ radically with respect to infrastructure, amenities, and housing stock. The vertical city, which evolved during the industrial era, has highway, mass transportation, and rail systems designed to link the suburbs to city center. Its population density is high, typically more than 10,000 persons per square mile. Its amenities include

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large public parks. And it is known for downtown offices, manufacturing, and shopping and cultural activities. Typically, about half of its housing stock was built before 1939. It is comprised primarily of rowhouses, walk-up flats, and apartment buildings that were located to permit walking (or riding mass transit) to work and play.

In contrast, the horizontal city evolved after World War II and is designed for rapid car and truck movement, not merely from suburb to city but also from suburb to suburb. There is very little mass transit or rail infrastructure. Instead, massive transportation expenditures have focused almost exclusively on facilitating auto travel. The density is low (typically less than 3,000 persons per square mile), and urban amenities are more private than public. Equally important is the fact that the housing stock is much newer, typically offering single-family houses with large backyards (and large garages to "house" cars). The horizontal prototype is not simply a newer or updated version of the vertical prototype—it is a different kind of city.

Much of the current interest in the historic preservation of old buildings and efforts to recreate the "old time" urban fabric romanticize cities of the past. The stark reality is that, for the majority of working people, the vertical city offered cramped and noisy housing, little privacy, and relatively crude public amenities. One only need stroll through Chinatown in New York on a hot summer day to get a sense of what everyday life was like for the common New Yorker 50 years ago. The vertical city was built to house immigrants who had little money and who could not afford cars. The horizontal city has been built for a society with much greater disposable income (as a result of real income growth and two-earner families) and different quality-of-life expectations. It is a city that owns (indeed loves) cars. It is a crude generalization, and one that the proponents of traditional urbanism resist, but the horizontal city seems to have provided a kind of life that the overwhelming majority of Americans consciously chose—in spite of their romantic image of the old vertical city.

Is population loss always a bad thing for a city? We think not. Cities with more than a million inhabitants were rare before the twentieth century. There is no reason to assume

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that a smaller city is worse than a large one. In fact, an argument can be made that when a city is smaller it is also more human in scale, more livable, less anonymous, with a more manageable and responsive government. The problem with the decline of U.S. cities is not a question of size but, rather, a question of who is leaving and who is staying.

The people moving out of our cities are predominantly middle-income families of all races while those remaining—and entering—are predominantly poor minorities. If the 77 largest American cities are evaluated in terms of a diverse set of social barometers, such as poverty and unemployment rates, the number of families on public assistance, infant mortality rates, and average household incomes, a clear pattern emerges. Comparing the cumulative average rates for the 26 cities that have shrunk since 1950, with the cumulative average rates for the 51 cities that have grown, the shrinking cities as a group are currently worse with respect to all of these social welfare indicators. Only crime levels appear to be comparable—and appallingly high—for both groups of cities, although even they are slightly higher in shrinking cities.

Cities with high vacancy rates

A city that has lost much of its population has—to borrow a real-estate phrase—a high vacancy rate. When a shopping mall has a high vacancy rate, the owner suffers not only because of the lost revenue on the empty space but also because the overall vitality and attractiveness of the center's shopping experience is diminished. This, in turn, makes other tenants more likely to vacate, depressing rents on leased space. So, too, for a city with a high vacancy rate: It suffers not only a loss to its tax base but, unless it is successfully repositioned, it becomes a less attractive place to live and work.

The owner of the mall with high vacancy rates has a limited number of options. To be more competitive he can lower rents or offer special lease terms in an attempt to attract and retain tenants. He can also offer special services to prospective (and current) tenants in order to raise occupancy. He can refurbish the mall to attract new tenants or "shrink" the mall so that its (now smaller) space is fully occupied. If this doesn't work, the costs associated with the operation of the mall may

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not be covered by its income, and, in the short run, the owner will have to absorb the losses. If, in the end, he cannot cover his costs, the owner will close the mall and seek an alternative, more profitable use.

Of course, you cannot close a city. Some cities have privatized parts of their urban services (such as garbage collection and education) in an attempt to reduce their operating costs. Like a troubled mall owner, a city with a high vacancy rate can try to refurbish itself by redeveloping its downtown. Examples of urban redevelopment projects include stadiums, aquariums, world trade centers, river-boat gambling, and convention centers. Unfortunately, these strategies generally yield a poor return on public funds.

Cities need to mimic the strategies of the shopping-center landlord by lowering taxes, reducing onerous regulations, increasing the levels of public services, and improving the quality of local infrastructure. But this requires an admission that excessive taxes, burdensome regulations, and inadequate services have contributed to the city's decline. Such admissions do not come easily to a generation of politicians who have lived on the uphill slope of the Laffer Curve, raising taxes and regularly bemoaning the levels of support received from Washington and state governments. Unfortunately, as documented by Robert Inman of the Wharton School, cities that have "high vacancy rate" problems have already reached the point where further increases in local taxes produce declining tax revenues and an even greater decline in urban occupancy. Upon reflection, this is not surprising—imagine the fate of a troubled shopping center if the owner continuously raised rents as vacancy rose.

What happens when a city loses population? The fiscal difficulties associated with a reduced tax base are obvious. But, like a shopping mall that loses tenants, a city that loses population experiences additional problems. First, although people have left, the cost of maintaining the old infrastructure designed for the larger population—the roads, sewers, and transit systems—remains. In the case of the cities that expanded during the early 1900s, this infrastructure is in need of extensive repair and replacement. Just like the mall owners, cities must decide which services to curtail. Most city managers

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(like most shopping-center owners) invariably choose to defer infrastructure maintenance.

A second effect of population shrinkage is a reduction in population density. In theory, this should increase the quality of life. However, density is usually reduced by the creation of irregular gaps in the urban density pattern. Although the densities in vertical cities are still three or four times greater than in the horizontal cities, the vertical city was designed to function most efficiently with relatively continuous concentrations of people. As depopulation occurs, not only does the provision of normal municipal services become more expensive (unplanned vacant space is expensive to secure and maintain) but there may no longer be a sufficient population base to support neighborhood social and retail activities in many areas. This results in services being further reduced, inducing those who can to move away. Similarly, depopulation in vertical cities creates a lack of social energy and dynamism, as well as a reduced sense of safety. In short, shrinkage undermines the strategic operating engine of a vertical city.

Perhaps even more importantly, a vertical city with population gaps no longer possesses a continuous urban fabric. Instead, it becomes a series of disjointed areas separated by unplanned abandoned and vacant areas. Servicing a discontinuous city is very expensive. At the very time that vertical cities need to find more efficient servicing techniques to offset their declining tax bases, they are faced with an increasingly inefficient and expensive population pattern.

Finally, shrinkage lowers the quality of urban life. Buildings remain vacant, most in various stages of total decay. Lots become empty as buildings are burned and collapse. These lots become dumps, strewn with garbage of all types. While vacant space in the countryside can be aesthetically pleasing, and horizontal cities frequently include massive tracts of vacant space, population gaps are disastrous for vertical cities. Vacant buildings become vulnerable to further vandalism. They also become havens for illegal activities—a breeding ground for diseases and unsafe playgrounds for children. Streets lined with empty lots and deserted buildings become indefensible spaces, veritable "wild zones." That urban dereliction is a cancer is an apt cliché. Population gaps are not merely symptoms,

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they are primary causes of the continued disintegration of urban life in vertical cities.

The regional government solution

What is to be done? The most common political response has been to counteract the social costs associated with a shrinking (and increasingly poor) population by raising taxes. This is a self-destructive response that makes the city an even less attractive place to live and work. Mayors, planners, and city-government officials must learn to accept the fact that the older, shrunken vertical cities will never grow back to their earlier size and prosperity. The goal must be, instead, to make their cities more livable, more attractive, and, probably, even smaller. They must reconfigure their cities to be competitively viable in modern times.

An examination of the 1992 population figures for cities shows that, although a few cities like Oakland, Louisville, Akron, and Rochester, New York have managed to reverse their earlier decline and are growing (very modestly), most shrinking cities continue to shrink. True, the rates of population decline have generally slowed, perhaps suggesting that a sustainable city may be evolving. But Philadelphia, Boston, Washington, D.C., St. Louis, Detroit, and Baltimore, which shrank even more rapidly during the 1980s than during the previous decade, continue to lose population in the 1990s. Such cities must reinvent themselves, becoming better cities as they grow even smaller than they are today.

One solution commonly proposed for shrinking cities is regional government. Since metropolitan areas as a whole are expanding, linking (poor) shrinking cities to (relatively rich) growing suburbs appears to provide the former with access to the financial resources of the latter. This argument has been advanced recently by David Rusk in *Cities Without Suburbs*. He presents convincing evidence that new growing cities (e.g., Houston, Phoenix, and San Diego) that have annexed suburban counties have many advantages over older cities whose boundaries remained largely unchanged.

There are, however, practical difficulties with the regional government proposal. Regional government is constitutionally difficult in most states; only Portland, Oregon is part of a

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directly elected regional government. It is true that several cities, such as Houston, Miami, Jacksonville, Charlottesville, Indianapolis, Nashville, and Minneapolis, have a system of cost sharing. However, with the exception of Minneapolis and Indianapolis, these are all growing cities. Troubled shrinking cities have little to offer suburban counties. As a result, suburbanites—most of whom consciously fled the city to leave its problems behind—can be expected to oppose any attempts at regionalization. The central cities themselves will resist, especially those with large numbers of ethnic minorities, who would lose their hard won political clout if they were incorporated into a larger, wealthier regional electorate.

In any case, regional government has its drawbacks. While size may generate some modest economies of scale with respect to infrastructure and finance, it also greatly increases inefficiencies of scale for the delivery of many services. Regional government would be more remote from—hence less responsible to—the voters, resulting in more corruption and inefficiency. Regional government, while it may solve the problems of servicing poor areas, will not address issues like an old and noncompetitive housing stock and the population gaps already prevalent in vertical cities.

Smaller is better

The clock cannot be turned back. The industrial cities that grew rapidly during the first half of the twentieth century (and shrank almost as rapidly during the second half) will never recover their primacy. History teaches that cities grow and decline. The most dramatic example is probably ancient Rome, which shrank from about a million at its imperial zenith to less than 100,000 by the Middle Ages. The population of Venice peaked in the seventeenth century at 180,000, but, as its mercantile empire collapsed, the city shrank, reaching a low point of 132,000 in 1880. The population in Venice today is only about 137,000. The populations of the great industrial cities of northern Britain—Glasgow, Liverpool, and Manchester—peaked in 1900 and have been declining since. The population of Vienna peaked in the decade before the First World War and, today, is about 20 percent smaller than at its zenith.

The critical lesson of Vienna, Venice, and even Glasgow

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(which has recently experienced a modest revival) is that a smaller city can be made a good place to live. Using these cities as role models, the question for shrinking cities is not, "How can we grow big again?" but rather, "How can we prosper and have a wonderful, smaller city?"

A fundamental change in mind set is required once we accept that smaller can be better. A city that has irretrievably lost large amounts of its population needs to examine ways to redesign itself to become more compact, perhaps even smaller in area. This will not be easy. City planners have traditionally favored growth and expansion. It is now time for planners to look for ways to shrink our cities. Just as physicians should allow gracious and healthy decline as people age, so too must our planners manage older cities. However, just as aging is not merely adolescence in reverse, urban planning for shrinkage is fundamentally different than planning for growth.

Historically, vertical cities expanded from the center by developing land at the periphery, by building on flood plains and near urban disamenities (e.g. railroads), and by extending their urban infrastructure. But a shrinking city cannot merely retract its perimeter. Population losses have not been experienced equally across all parts of the city. Outlying parts of the city are generally quite strong, as are some city centers. Between these areas lies a complex web of decrepit housing stock and abandoned industry but also strong neighborhoods.

Are there alternative uses for the empty tracts? One could imagine formally planned versions of what has occurred in an unfunded and unplanned way in Detroit and East St. Louis, where vast empty lots are reverting to a sort of urban wilderness. In some cases, empty land might be turned into parks and recreation sites. This requires funds to undertake the expensive process of rehabilitation, soil replacement, and landscaping. The City of New York currently owns 20,000 vacant lots and has proposed asking private corporations to pay for converting empty land into parks and playgrounds. In return, the city would allow the companies to use the space for their own advertising. Corporate sponsorship is expected to provide on-going maintenance, which was lacking with earlier efforts, such as the Lindsay administration's "vest pocket parks." There are also commercial outdoor recreation possibilities. A devel-

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oper has recently built a 30-acre golf course on vacant land in downtown Chicago, near the convention center. Large tracts could be consolidated and sold to the U.S. Department of the Interior for the creation of environmental zones, belated versions of the urban green belts that were a staple of Garden City planning in the early 1900s.

Another option would be to take advantage of the availability of empty land to begin to transform the vertical city into something that more closely resembles the horizontal postwar prototype. The three- and four-story rowhouses that characterize cities like Baltimore and Philadelphia were built at now commercially unacceptable densities of 30 to 40 dwellings per acre. Down-zoning of residential areas would allow two-story, semidetached houses at lower densities of about 20 dwellings per acre, or detached cottages of 5 to 10 dwellings per acre. However, such densities are only affordable if cities greatly reduce their development costs and regulations. In reducing these burdens they need to strive to become competitive with the most competitive suburb. If old cities cannot annex surrounding suburbs, they can, at least, begin slowly to transform part of their housing stock and begin to provide the kind of housing that today's households desire—single-family homes with space for backyards and off-street parking—rather than continuing to offer them a housing stock designed for their grandparents. The combination of much lower density housing with easy access to high-density downtown amenities may be the starting point for a new, post-industrial, urban prototype.

A radical proposal

Cities should also consider even more drastic alternatives. For example, they could de-annex parts of their territory to private developers. If large tracts, in excess of 100 acres, say, were sold as de-annexed, unincorporated areas with associated suburban cost structures, it is possible that developers would find this an attractive opportunity to create new "suburban" municipalities in the central areas of the city. Prototypes include such communities as River Oaks in Houston and Highland Park and University Park in Dallas. These "suburban" communities have been developed within the fabric of the city boundaries. New municipalities would be legally independent

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of the city. They would control their own governments, schools, and regulations. Like most suburbs, we suspect they would preserve a high degree of autonomy and probably a degree of exclusiveness. In fact, these new municipalities would probably need to alter traffic flows through the surrounding city into the community in order to provide the type of housing sought by today's buyers. Given the pattern of new planned communities in the United States, some form of common interest housing development governed by homeowner associations is likely to result.

The sale by the city of such property would create a more viable smaller city. How? First, the sale of the land would generate much needed funds, which would be used to offset years of deferred maintenance of urban infrastructure. Given the differential cost of operation and development in an unincorporated suburban municipality versus the city, the value derived from selling such land could be substantial. The city would also no longer be responsible for the maintenance and security of the land once it becomes a legally independent community. Third, and perhaps most importantly, although the city itself would shrink, the city's urban fabric would be enhanced as the new municipality developed. Many of the population gaps in the urban fabric could be filled in. There can be little doubt that these vacant parcels would develop more rapidly and successfully as independent suburban communities rather than as part of the city. In short, the city would be smaller, richer, and less vacant. At the same time, the population cavities would start to disappear.

Critical impediments to altering the current state of vacant urban tracts include irrational environmental standards. Too often these regulatory standards and procedures ask the irrelevant question, "Is it perfectly clean?" rather than the more pragmatic question, "Is it cleaner than it would have otherwise been?" The imposition of 1990s environmental sensibilities on areas that provided the factory jobs for previous generations means that massive tracts in urban areas are forever doomed to be economically undeveloped. As a result, the soil remains contaminated, the chemicals continue to seep into the groundwater, children continue to play in these abandoned lots, and the urban fabric continues to deteriorate. Environ-

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mental regulators, like city politicians, must realize that these areas will not be developed (and hence no environmental improvement will occur) unless dramatic compromises are made. These compromises may involve using federal funds to clean up these properties. Alternatively, development could be allowed if it significantly improves the environmental quality of the property, even though such clean-up may fall considerably short of current standards.

Future city

In our view, consolidation and de-annexation are not a "desirable" option for a city; however, for many shrinking cities, we see no other viable alternative. When population loss has passed a certain point, urban revival is likely to require drastic measures. Rehabilitation has usually worked only in downtown areas. Enterprise zones and empowerment zones have proved to be only marginally effective—where they have succeeded at all. Besides, they depend on the infusion of federal or state funds, which are not always available.

In any case, the obstacles to dealing effectively with urban shrinkage are massive, even possibly insurmountable. But to solve a problem, reality must be faced. In this case, the reality is that many cities will continue to shrink. Municipal politicians whose electoral bases will be eroded by consolidation or de-annexation can be expected to resist the idea of downsizing. Since the inhabitants of many of these affected areas will be minorities, the politics of consolidation and shrinkage will be opposed by these groups. Neighborhood activists, whose careers have been spent trying to promote local economic development from within will view shrinkage policies as defeatist, not the least because they will lose their own political power bases. Moreover, if selected urban areas are allowed to become autonomous suburban municipalities, the city as a whole will have to be protected from complete disintegration.

Shrinkage will also be seen by many as weakening the mechanism that has traditionally been used to elicit federal urban aid. Historic preservationists will undoubtedly object to wholesale demolition, since even decrepit areas contain buildings of architectural merit, and some of the worst areas are the loca-

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tions of so-called industrial landmarks. Obviously, much will depend on how successfully consolidation deals with issues of dislocation, new housing, and new community services. But the challenge is clear: Our cities must be radically redesigned to be both better and smaller.

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The case for racial preferences

NATHAN GLAZER

IT rarely happens that answers to contested political questions can be found in a relevant body of data and empirical analysis. Certainly, a scarcity of data has long afflicted the debate over preferences for African-American students in admissions to selective colleges, universities, and professional schools. The practice of preferences has been almost universal since the 1970s, though recently, courts, governmental agencies, and popular referenda have banned the practice from public institutions in California, Texas, and Washington, and it is under assault in other states as well. But now, thanks to the remarkable "College and Beyond" (C&B) data base, hard numbers can be brought to bear on this heated political debate. And, in their new book, *The Shape of the River: Long-Term Consequences of Considering Race in College and University Admissions*,[†] William G. Bowen and Derek Bok present and analyze, with perspicuity, insight, thoroughness, and balance, this new information on the question of preferences.

[†] Princeton University Press. 472 pp. $24.95.

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Indeed, many speculations, hypotheses, and apparently reasonable suppositions regarding the effects of preferences, based on limited experience, on anecdote, and on the facts that were available before the publication of *The Shape of the River*, must now be discarded. (And, in this review, I will point to a number of such arguments now found to be without merit.)

This is not to say that there is nothing left to argue about. There is still the issue of principle, which is not necessarily affected by consequences, and which Bowen and Bok do not address. They understand well enough that their emphasis on the practical consequences—for black students, for educational institutions, for society at large—of rejecting racial preference for race-neutral principles

> will seem misplaced to some of the most thoughtful critics of affirmative action, who will argue that their objection to race-based policies is an objection in principle: in their view, no one's opportunities should be narrowed, even by an iota, by reference to an individual's race. We respect this line of argument. However, we do not agree, "in principle," that colleges and universities should ignore the practical effects of one set of decisions or another when making difficult decisions about who "merits" a place in the class. The clash here is principle versus principle, not principle versus expediency.

Aside from the argument over principle, which many will consider decisive, one can argue with the implications of the data they present. Critics of affirmative action in college admissions have already indicated some of the main lines of their resistance to Bowen and Bok's conclusions in reviews and op-eds. Clearly, there will be, in time, more detailed analyses of the data that forms the basis of *The Shape of the River*. But, in my judgment, some key issues in the debate are now settled. I will emphasize the points in dispute that I do not think can still be maintained.

The shape of the book

But first it is necessary to describe what we have in *The Shape of the River*. The Mellon Foundation, which is headed by Bowen, has over the course of the last few years created a data base that records the academic and institutional records of 90,000 entering students in 28 selective colleges and uni-

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versities for the years 1951, 1976, and 1989. This has been supplemented by an elaborate survey following up on these students in the years since their graduation or their leaving college. It covers key aspects of their experiences in college, retrospectively, and their lives since—further education, occupation, income, marital status, civic role, and the like. A specially commissioned national survey permits comparison of the careers of these students with control groups that parallel in age the two earlier entering classes.

The data has been analyzed and the analysis published with remarkable speed by William Bowen—president of the Mellon Foundation and former president of Princeton—and Derek Bok—university professor at Harvard and former president of Harvard University. Of course, a large body of assistants and associates and specialists aided them. Nevertheless, the speed, care, and sophistication with which this analysis has been carried out can only reduce many professors to envy or despair. It is not common in academic research that this thorough an analysis can be made available so rapidly on data that was gathered only in 1994-97.

As the authors emphasize, they have concentrated on one, and only one, area in the complex world of affirmative action, and that area is, in their words, "racially-sensitive" admissions practices in selective institutions. Thus there is nothing here on other disputed and, it can be argued, more significant areas of affirmative action, such as employment or contracts. The authors point out that when it comes to the employment of faculty, which falls under federal government affirmative-action requirements (as college admissions for the most part do not), rather different considerations will have to come into play. Constitutional lawyers and judges often transfer considerations relevant to one sphere of affirmative action to another. But one should not assume that the authors' position on race-sensitive admissions will dictate their position on faculty appointments. Indeed, they appear to be rather cautious on that issue. As they write:

> It is helpful, in our view, to think of admissions decisions as having many of the attributes of long-term investment decisions involving the creation of human and social capital. The considerations ... that are appropriate to such admissions decisions may

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be quite different from those that apply elsewhere within the academy, never mind outside it. For example, it may make sense to accept considerably more risk, in return for the possibility of a very high long-term social return, in accepting an applicant for undergraduate study than in appointing a senior professor with tenure.

Even within the sphere of affirmative action in admissions, the authors concentrate on only one group: African Americans. This seems a reasonable limitation to me. African Americans are at the heart of the issue. Certainly, Hispanics or Latinos are also beneficiaries of group-sensitive (one cannot say for them "race-sensitive") policies, and this is almost as seriously disputed as preferences for blacks. Yet it is clear that race-sensitive policies began in the 1960s primarily because of the near absence of blacks on American college campuses, and because of the unfolding civil-rights revolution. The right of one racial or ethnic group rather than another to special consideration is open to challenge, of course. But the fact is that blacks, not Hispanics or other groups, have posed the key dilemma for American society since its origins. The Constitution, which had to take account of the large population of black slaves, did not have to take account of Hispanics; the Civil War was not fought to free Hispanics; the key post-Civil War amendments to the Constitution were not passed because of the condition of Hispanics or with their circumstances in mind.

The book has almost nothing to say about Asian Americans, though they now form such a large part of the enrollment in selective colleges and universities. Alongside the statistics on blacks, colleges and universities must also provide statistics on Asians, Hispanics, and "Native Americans." The assumption seems to be that all nonwhite races are subject to discrimination and are thus in need of a special degree of governmental oversight and protection. There is nothing on Native Americans in *The Shape of the River*, though many institutions make special efforts to recruit and enroll them. They are a very small part of the population. Women are also considered a beneficiary class under affirmative action: That issue is not discussed by the authors.

And, as I have pointed out, there is no discussion or con-

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sideration of Constitutional and legal issues, which every college and university must confront. It may well be the case that whatever the argument from facts, the argument based on the interpretation of the Constitution will prevail, and the matter will be settled by a major Supreme Court decision. The principle under which colleges and universities now operate—outside of California, Washington, and the states affected by the Federal Appeals Court decision in the University of Texas case—was formulated by one Justice in a tortured Supreme Court decision more than 20 years ago. A future decision may institute for the nation the principle of color blindness that now prevails in those three states. Or perhaps the cliff-hanger *Bakke* decision will be reaffirmed, in which the Court by a five to four vote allowed universities to take race into account, provided that the objective was "diversity" and not something else (like representativeness, reparation, or general social objectives).

An elitist emphasis?

The attention then is exclusively on African Americans in selective educational institutions. Is this too small a group to be of much consequence? The concentration on selective institutions has been one point of criticism of *The Shape of the River*. Critics of racial preferences have argued, why so much attention to what happens at the Princetons and Stanfords as long as there is a place for almost everyone—as there is—in the capacious world of American higher education? As Abigail Thernstrom has written in mocking criticism of the authors, it seems for them to be "Yale or jail" for blacks. Her point is this: In view of the tiny number of blacks who profit from preferences, why should we allow the principle of color blindness to be subverted? Should we reject the principle simply to permit rarefied institutions that enroll few students altogether to increase the number of their black students? (One could answer this criticism: If the small number of selective institutions are of no great consequence, why do the critics of race preference pay so much attention to them—attention as evident in *America and Black and White*, by Stephan and Abigail Thernstrom, as in other critical discussions of racial preference in admissions?)

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But the fact is that the institutions that have provided the data base for *The Shape of the River* are not an unrepresentative few at the apex of American higher education. They are, instead, representative of a very large number of selective four-year colleges and universities enrolling about one-third of all students attending four-year institutions, no insignificant part of the college population. These institutions have been grouped into five categories, based on their degree of selectivity. The colleges and universities that are included in the data base include institutions from the first three levels of selectivity. From the first category—that is, the most selective institutions—there are eight institutions in the data base: Bryn Mawr, Duke, Princeton, Rice, Stanford, Swarthmore, Williams, and Yale. This is truly a rarefied group whose students averaged above 1300 on the SAT in 1989. The second level of selectivity (average SATs: 1150-1299) includes Barnard, Columbia, Emory, Hamilton, Kenyon, Northwestern, Oberlin, Pennsylvania, Smith, Tufts, Vanderbilt, Washington University, Wellesley, and Wesleyan. This is clearly also an elite group.

But the third level of selectivity, with SAT averages below 1150, includes Denison, Miami University (Ohio), University of Michigan at Ann Arbor, the University of North Carolina at Chapel Hill, and Pennsylvania State University. This level of selectivity includes four large state universities. Findings on the consequences of racial selectivity for institutions of this caliber are not typical of the pampered conditions at the most selective private colleges. The state universities included in the C&B data base are similar to the University of California, the University of Texas, and the University of Washington.

The first three levels of selectivity include about a third of all students who enter four-year institutions, and it is at these levels where we find "racially-sensitive" admissions procedures. One study by Thomas J. Kane estimates that the top 20 percent of four-year institutions show a "marked" degree of selectivity; the next 20 percent, some degree of selectivity; and the rest, no evidence of selectivity. What happens to students then at the institutions included in the group will tell us a good deal that is relevant to a judgment on the effects of racial preference.

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How much preference?

It is obvious and unchallenged that a special effort is made by these institutions, and many others, to enroll black students. Before the civil-rights movement, the number of blacks enrolled in selective institutions was minuscule. In 1951, as the authors point out, "black students averaged .8 percent of the entering class at the 19 College and Beyond schools for which adequate records are available." By 1965, little had changed: 1 percent of the enrollment in selective New England colleges was black. Similarly, blacks made up 1 percent of law-school students and 2 percent of medical-school students, but most of those were in two all-black institutions. Matters changed rapidly in the late 1960s and early 1970s. Black enrollment in Ivy League colleges rose from 2.3 percent in 1967 to 6.3 percent in 1976; the percentage of black medical students increased to 6.3 percent; and the percentage of black law students to 4.5 percent. By 1995, the figure for law schools was 7.5 percent and for medical schools, 8.1 percent. In selective undergraduate institutions, black enrollments of 6 percent or 7 percent, sometimes a bit higher, were standard.

How much preference is required to achieve these figures in the C&B schools? For a group of these schools for which there is sufficient data, 42 percent of black applicants were offered admittance in 1989, compared with 25 percent of white applicants. The black applicants were a very select group of all blacks who take the SAT—90 percent scored higher than all black SAT takers, and 75 percent scored above the white average. Blacks have also shown improvement over the years in SAT scores. According to the authors, "Between 1975-76 ... and the late 1980's, the national black-white gap in SAT scores narrowed fairly steadily; the gap ... declined by approximately 25 percent. Since then, however, the gap has held steady and appears even to have widened modestly.... The differences continue to be substantial." Further, the selective colleges and universities have become more competitive over the last few decades. It is a striking fact that the average SAT score of black students enrolling in 1989 (in a group of C&B schools for which data is available) was higher than the average for all students enrolling in 1951. This suggests that, at least in some respect, black students might be considered well qualified.

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But such improvement is not enough to gain entry without racial preferences today. At every level of SAT achievement, more blacks are admitted than whites.

In determining "how much" preference black students get, many complications arise. To begin with, acceptance at all selective institutions today is not determined solely by achievement on an academic test. The admissions process in selective institutions is complex. Even before the age of racial preferences, it took into account not only academic qualifications but also such factors as leadership qualities, ability to contribute to athletic teams, alumni connections, and special talents. The children of persons of distinction, and in state universities perhaps legislators' children, might receive preference. "Diversity" considerations also existed, but up until probably the 1950s, this was mostly a matter of keeping down the number of Jews.

We could, in theory, take the position that all considerations aside from the academic should be irrelevant in admissions to selective institutions, but that seems never to have been the case in prestigious academic institutions in the United States, aside from some public institutions. (The New York City Colleges admitted students solely on the basis of academic qualification I believe until the 1960s. That may have been the case with some other public institutions too.) To institute such a regime now would be to undertake a revolution in American higher education, and its consequences are unpredictable. One consequence undoubtedly would be to limit the ability of private institutions to raise the huge sums from alumni they presently do. Increasingly, public institutions today also appeal to alumni. In any case, such a radical change in how these institutions operate is not on the agenda today and is proposed by no one.

The gap between SAT scores of white and black students admitted to a college or university does not necessarily demonstrate preference or measure the degree of preference. Blacks, on average, score lower than whites. Thus, even if a class were selected with no racial preferences—perhaps by admitting students from the top down in order of SAT achievement, or making a random selection of all those above some minimum—blacks, on average, would score considerably below

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whites. This is a necessary consequence of the different peaks and shapes of the two bell curves of achievement for blacks and whites: Whatever the level of achievement selected, there will be fewer blacks at the right tail of the curve than whites, and their average scores will be considerably lower.

The approach taken by Bowen and Bok to describe the degree of preference given black students is to ask how many whites and blacks are selected in these schools at each level of academic achievement. At a very high level of achievement—over 1500 in SATs—every black applicant is accepted while only three-fifths or so of white students are accepted. At lower levels, the difference widens. At the 1250 to 1299 SAT level, for example, three-quarters of blacks are offered admission but only one-quarter of whites. However, even at the lowest level, a few whites (and a somewhat larger number of blacks) will be admitted, owing to the variety of considerations that come into play in making admissions decisions. Overall, more blacks are turned down at these selective institutions than are admitted. It is thus not a free ride for black students, only an easier ride. Such preferences enable colleges to have an entering class that will be about 7 percent black. That's considerably less than the black proportion in the population or in high-school graduating classes, but it's sufficient for the institutions to feel that an entering class is, in its racial diversity, somewhat representative of the nation. In the absence of such preferences, these institutions, on the basis of various calculations and assumptions, would have less than a third of the black students they now admit.

The discussion of admissions procedures by Bowen and Bok ignores, unfortunately, the difference between the private institutions and the four public institutions. The four public institutions admit much larger entering classes than the private ones. The public universities' entering undergraduate classes range from 3,200 to 4,600. The largest private institution (Pennsylvania) admits a class of 2,300, and most admit much smaller classes. The private institutions, owing to numbers alone, are able to give applicants the individual attention that Bowen and Bok identify as the hallmarks of the admissions process. Can the large public institutions do so? If they cannot, is admission not simply a matter of admitting by the

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numbers—the academic numbers, modified by the racial numbers—along with some special consideration for athletes and a few other small categories of students? Should one not expect substantial differences in outcomes as a result of this difference in admissions procedures between the private and the public institutions? Certainly, one theme for further analysis of the data base will have to be the differences between the two kinds of institutions, not only because of the differences in admissions procedures owing to scale but also because of their differing legal statuses.

What's in a graduation rate?

A key test of racial preferences, for its critics as well as Bowen and Bok, is the graduation rate of students who enter with such different levels of academic achievement. The six-year graduation rate for those entering the C&B institutions in 1989 was 86 percent for whites, 75 percent for blacks (81 percent for Hispanics, and 88 percent for Asians). The graduation rates, black and white, are higher when one takes into account the fact that some students transfer and graduate elsewhere. This raises the rate to 79 percent for blacks, and to 94 percent for whites. What is one to make of these differences? Bowen and Bok point out that the graduation rate for all 1989 matriculants in Division I universities was 59 percent for whites and 40 percent for blacks. (These figures are maintained by the National Collegiate Athletic Association for purposes of athletic competition.) Clearly, it does everyone good, in terms of achieving degrees, to go to selective institutions, which is not surprising. After all, the students are generally better qualified, and they get more support in such institutions if they have academic or even personal troubles.

The critics of racial preference have seized on these differences. They even try to present them in ways that exaggerate their significance. For example, one can note that the nongraduation rate for blacks is 78 percent higher than for whites, rather than, let us say, noting that the rate of success in graduation is 85 percent the rate of whites. The underlying figures are, of course, the same for both percentages.

But these differences are in no way surprising, when one notes, first, that blacks are not, on average, as academically

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qualified as whites (which would be the case even in the absence of preferences, owing to their average lower performance, as already noted). And a second factor must be taken into account: Blacks come from families that are poorer and for whom economic pressures are more severe, even with the financial support these institutions try to give. Indeed, one of the striking findings of the research is how much better off the white students are economically than the black. Forty-four percent of the white students come from families with more than $70,000 in income and with at least one parent who graduated from college; only 14 percent of the blacks are at this level. At the other socioeconomic extreme, very few white students come from families with no parent who graduated from college and with income under $22,000; 15 percent of the black students come from such families. So much for the argument that racial preference selects middle- or upper-income blacks only. The difference in graduation rates is to be expected when one considers that two of the main reasons for dropping out of college are academic failure and lack of economic support.

The dispute over racial preferences has made a great issue of these graduation rates. One of the most powerful arguments against racial preferences is that blacks are harmed by them. Because of preferences, argue the critics, blacks are admitted to institutions where academic demands exceed their academic abilities. As a result, they become discouraged, and they drop out and fail disproportionately. This argument has been made by Thomas Sowell, Richard Herrnstein and Charles Murray, Dinesh D'Souza, Stephan and Abigail Thernstrom, and undoubtedly others. As summed up by Bowen and Bok, it asserts that "black students will be more likely to graduate ... if they enroll in a school where their SAT score matches the test-score profile than if they 'reach too high' and go to a school where most fellow-students have higher test scores." It stands to reason. Unfortunately, the evidence does not support it.

Indeed, the more selective the school, the higher the graduation rate for the weaker black students. Thus, for students with SATs under 1000, 88 percent enrolling in the schools with the highest degree of selectivity graduate, whereas only

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65 percent in the schools in the sample with the lowest degree of selectivity graduate.[1] This is a pattern typical for the white students too: Those who entered with SAT scores under 1000 attain a graduation rate of 86 percent at the schools with the highest degree of selectivity while, at lowest level of selectivity, the graduation rate is 78 percent. After the fact, and with the availability of this data, it stands to reason this should be the case: In the selective schools it is harder to fail because graduation is the norm, and failing students will get more attention. But the argument of the critics was quite the reverse before the facts were available.

What measure of success?

Other possibilities might explain what is, on the whole, a very respectable level of black achievement. Perhaps blacks major in the easy fields, the "talk trades" as David Riesman has dubbed them? Surprisingly, as many major in the sciences, engineering, and mathematics as white students. The percentages of white and black in these concentrations are identical. Perhaps blacks go into black studies? It turns out that only 3 percent major in African-American, American, or area studies of any kind. More blacks major in sociology and political science, but more whites major in English and history. Are blacks the beneficiaries of grade inflation? Well, perhaps. But whatever the degree of grade inflation, black students, as we might expect from their overall lower test scores, do more poorly in grades. "The average rank of black matriculants was at the 23rd percentile of the class, the average Hispanic student ranked in the 36th percentile, and the average white student ranked in the 53rd percentile," report

[1] These schools are predominantly the public universities, which enroll 87 percent of the students in the lowest level of selectivity. The figures for rate of graduation given for the C&B institutions are not necessarily representative of other institutions with similar degrees of selectivity that were not included in the sample. The institutions that form the basis of Bowen and Bok's analysis were selected because they agreed to cooperate and because they had the data available that made the analysis possible. Institutions of the highest category of selectivity in the C&B group enroll 40 percent of all students in institutions at this level; the institutions in the next category of selectivity enroll 34 percent of all students attending institutions at that level. Thus one would have reason to assume that what we find in the C&B group at these levels of selectivity is characteristic for most similar institutions, since the C&B groups make up such a large part of the total. But when one comes to the third level of selectivity,

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Bowen and Bok. Grades, it seems, still differentiate the better from the poorer students. (One should note that more sophisticated statistical analyses show that graduation rates are affected much more by socioeconomic status than grades.)

Bowen and Bok also find that blacks do not perform in college as well as whites at the same SAT level: They do not get grades as high as those of whites with the same SAT scores. They "underperform," if one takes the SAT as a good predictor of performance, which it is for whites. This has been known for a long time, and it has quite undermined the argument that the SAT is biased and that, if some other kind of test or performance were substituted for the SAT, more blacks would qualify without racial preferences. This persistent statistical finding has been pointed to by critics of racial selectivity who argue, as Bowen and Bok write,

> that black students underperform academically because affirmative action lowers their motivation to do truly outstanding work. The willingness of leading graduate and professional schools to admit black candidates who did not rank at the very top of their classes is alleged to reduce the sense among black undergraduates that they must get absolutely top grades to move up academically.

Bowen and Bok have no evidence to test this hypothesis, but they write: "It is certainly possible that white students ... feel greater pressure than their black classmates to earn A's. Yet black students surely feel academic pressures too, since they know that many of them who apply to leading schools of law, medicine, and business will fail to gain admission." Thus a study of all law-school applicants "reports only 26 percent of black applications to law school were accepted. The overall acceptance rate for underrepresented minorities at medical

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which includes the four public universities in the sample, the institutions in the C&B group enroll only 9 percent of all students who attend institutions of this level. Their practices may vary widely. The graduation rate for blacks in the third Bowen and Bok selectivity group (most of these students are in public universities) is 68 percent, the graduation rate for whites is 82 percent. But note that the NCAA graduation figures for the University of California, Berkeley—which probably falls into the second or third selectivity category—are 58 percent for blacks and 84 percent for whites, a much larger divergence. One wonders if there was something special about Berkeley's admissions procedures. Did it reach too far down into the black applicant pool, thereby lending support to the argument of inappropriate "fit" between the black students it admitted and the standards of the university? The difference in SATs between whites and blacks at Berkeley was particularly large—288.

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schools was 39 percent.... The acceptance rate of black applicants to their first or second choice business school was much higher (70 percent)."

Despite their poorer SAT scores and grades, black students aim disproportionately to get professional degrees, and somewhat more of them get such degrees. They do better than whites in gaining admission to prestigious law, medical, and business schools, and in getting law and medical degrees. For example, the authors report that "26 percent of the black law school graduates ... received degrees from one of the eight most highly ranked law schools, as compared with 18 percent of the white law school graduates.... The same general pattern is seen in medicine, although the black-white difference is considerably smaller." The same pattern of racial preference that exists for undergraduate education prevails in professional schools, and we find the same desire to enroll some decent percentage of black students. Other research shows blacks do more poorly on state tests for entering the bar or gaining the medical degree, but I do not know of any finding that a smaller percentage eventually practice in these fields. Considerably fewer blacks aim at doctoral degrees in arts and sciences, and this is, of course, a major reason why colleges and universities find it difficult to recruit black faculty.

The surveys that have traced these students in their post-college educational career also permit Bowen and Bok to get a sense of their career success. As we might expect, graduates do much better than college graduates in general, whether they are black or white, male or female. Black women earn almost as much as white women (many fewer of the white women are in the labor force); but black men earn less than white men, $76,000 compared with $98,000, for the group entering college in 1976. Various statistical adjustments—for lower SATs, grades, differences in fields of study, lower socio-economic background, selectivity of school attended, etc.—reduce this difference but do not fully eliminate it. But the differences in satisfaction with jobs—though blacks score lower—do not seem very large.

The level of civic participation of the black graduates is higher than that of the white graduates, and this is true for each major occupational sector (law, medicine, business, and

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doctoral degree). As many are married; fewer, black and white, are divorced than a national sample of graduates, though more black women in the C&B group are divorced than men. Their level of satisfaction with life is about the same. Overall, they are very satisfied with their college experience, and there is no significant difference in level of satisfaction between blacks and whites. Both blacks and whites report a great deal of interaction with students of different backgrounds in college. Thus 88 percent of blacks report they knew well at least two white students, and 56 percent of whites report they knew well at least two black students—a remarkable figure when one considers that the blacks made up only 7 percent of the class.

Weighing the costs of racial preferences

How does one draw up the balance sheet on racial preference? While Bowen and Bok recognize potential costs, they do not go into them very deeply.

> The very existence of a process that gives explicit consideration to race can raise questions about the abilities of even the most talented minority students ("stigmatize" them, some would say). The possibility of such costs is one reason selective institutions are reluctant to talk about the degree of preference given black students.

But the authors do not make much of this.

> The judgment that has to be made is whether, at the end of the day, it is worth accepting these costs, which are all too real, in exchange for the benefits received. The black matriculants themselves—who are, after all, the ones most affected by any stigmatizing effects—are presumably in the best position to weigh the pros and cons. The C&B data are unequivocal. Black students do not seem to think they have been harmed as a result of attending selective institutions with race sensitive policies.

One issue that would have deserved closer examination is how much preference should be given. If institutions reach too far in their effort to find and recruit black students, some of the negative consequences emphasized by critics will indeed come into play. Unprepared black students may become resentful, angry, and militant. A two-class university may be created, leading outsiders to doubt the value of its degrees.

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Bowen and Bok take refuge in the principle of autonomy for America's institutions of higher learning and in the good sense of these institutions. Let the institutions decide, argue the authors. Traditionally, higher education in America has been largely free of regulation by states, the federal government, or ministries of education. In my opinion, the autonomy of the American college and university, the ability of different institutions to take somewhat different paths, is indeed one of the virtues of the American system of higher education. (There must be some that are indifferent to the almost universal call for "diversity.")

But what is the redress when institutional autonomy leads to bad decisions? Bowen and Bok write, "The risk of demonstrably foolish decisions always exists but it is surely minimal." They point to various self-correcting mechanisms.

> University faculties and administrators know they will have to live with their mistakes, and this realization acts as a restraint on hasty, ill-conceived policies. The admissions practices of colleges and universities are highly visible, and there is no lack of individuals and entities ready to criticize their results. Trustees have perspectives and experiences that often lead them to challenge the judgment of academics.

And yet, consider the case of the University of Massachusetts. After a 1992 sit-in at its flagship campus in Amherst, the administration promised a 20 percent minority-student enrollment, in a state where the percentage of minority high-school graduates was only 16 or 17 percent and where, as is the general case, they do not perform as well as other students. This was a silly concession, and the administration should never have made it. Either the goal could not be attained or, if attained, it would bring to the university students who could not perform at a minimal level. No wonder yet a second sit-in took place in 1997 protesting the failure to reach the goals unwisely promised in the first, and adding new ones. Able professors at the university, such as the economist Robert M. Costrell, have argued with these policies but without apparent effect. Or consider the case of the University of New Hampshire, in rural Durham. One learns from the *Boston Globe* that a sit-in by black students—presently less than 1 percent of the enrollment (not surprising in view of the location)—has

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led to a promise to quadruple the number of black students. How is this to be done in a state with almost no black population? How does one get black students to come to Durham when there are so many other institutions looking for them? And how is one to respond to administrative decisions that are simple cave-ins to student militants and unattainable without damage to the institution?

Both the University of Massachusetts and the University of New Hampshire are public institutions, and I have commented earlier on the difference between the public and private colleges and universities in the C&B sample. How do public universities recruit their black students? The process cannot be as individualized as it typically is in selective private universities and colleges. We have had a great deal of attention paid to the admissions process at the University of Texas Law School. There has been a good deal of research on the admissions process at the University of California. And we will know more, because of the possibility of an upcoming trial about the admissions process at the University of Michigan. But, even in our present state of knowledge, I wonder if the somewhat idealized version of the selection process for the American college we find in Bowen and Bok can really operate in large public institutions. The issue is not only the larger numbers involved when it comes to selection of undergraduates for large state universities. There is the further issue that public institutions are expected to operate under open and universal and equitable rules. We accept a larger range of autonomy in choices for private than for public institutions—for example, the preference for the children of alumni.

Yet, the two kinds of institutions, public and private, are really quite similar in how they select their faculties, in how their curriculum is shaped, in how they teach, in how they are governed. One could well ask why the University of California at Berkeley should be required to operate under different rules for admission from those at Stanford. The state universities have generally done better when they are not closely governed by public boards, legislatures, or state education authorities. Would it not be better for the public institutions if they had the same degree of autonomy as the private? But then what is to be done when bad decisions are made? At the

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margin, legislation and litigation remain as possibilities; but a body of general laws, rules, and decisions would very likely end up excessively restricting the autonomy of state institutions. And that would undoubtedly be only the beginning point for further litigation.

We should not be bemused by the possibility of a simple rule that settles matters, such as the color-blind principle. All sorts of substitutes for race will be attempted, and the rule will be circumvented in many ways. The institutions can be forbidden to take account of race, but can they be forbidden to spend extra efforts and money to seek out black students? Or to set up special programs to assist underqualified students, who will inevitably be mostly black or Hispanic? The rule, "no account taken of race," may be serviceable enough to ban discrimination on account of race. It cannot and should not eliminate the efforts almost all selective institutions make to increase the number of their black students. For the issue in the end *is* race.

Little harm, much good

"It is very difficult," Bowen and Bok write,

> to stop people from finding a path toward a goal in which they firmly believe. Race-sensitive admissions policies were adopted by colleges and universities to address what are clearly race-based problems.... Barring these institutions from considering race directly and forthrightly is likely to bring forth ingenious efforts to minimize the consequent loss of diversity ..., not all of them benign. Moreover, once prohibitions are put in place, someone has to determine whether they are being respected. Judges could well confront a Hobson's choice: either to probe ever more closely into the admissions process (and quite possibly the recruitment process) ..., or to accept more or less at face value a presumed equality of treatment that might be both spurious and less satisfying than the current situation.

These are wise and informed comments and should be taken under consideration by the critics of race preference in college and university admissions. Without governmental edicts, without the heavy hand of the federal courts, our selective colleges and universities seem to have come to the consensus that, with special efforts, they can find black students who

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will make up something like 7 percent of their entering classes, half the percentage of blacks in the population or the high schools. This sidesteps the difficult and disruptive issue of "representation" on the basis of population proportions. It is hardly necessary to refer to the difficult and disruptive problems that adopting such a standard for the American selective college or university would create.

From the evidence presented in this important book, it is hard to see the harm that this has done to the students benefited, to the institutions that have adopted this consensus, to the few students that have had to settle for their second or third choice, or to the society. And it is possible to see much good. Considering the alternatives, which one must always do in public policy, this arrangement is the best we can now hope for.

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California after racial preferences

MARTIN TROW

IN his 1995 opinion in *Miller v. Johnson*, Supreme Court Justice Anthony Kennedy observed that "at the heart of the Constitution's guarantee of equal protection lies the simple command that the Government must treat citizens as individuals, not as simple components of a racial, religious, sexual or national class." William G. Bowen and Derek Bok place themselves squarely against that principle, as they try in their book, *The Shape of the River*, to justify admitting students to colleges and universities, both public and private, on the basis of their membership in a racial or national class.

The book, as I think the authors would agree, is as much a lawyer's brief aimed at future court decisions on "affirmative action" as it is a piece of social-science research. That is a

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perfectly legitimate use of social science, especially since, as in the case of Bowen and Bok's book, the advocacy role is not hidden. But it does complicate the work of a critical reading, which certainly does not include a *New York Times* editorial that praised the book. Such a reading neither makes its assumptions clear nor draws attention to negative evidence, as disinterested research must. Therefore, in this article, I can do no more than draw attention to some of the unexamined assumptions on which Bowen and Bok form their analysis, and then consider some of the unintended, and often undesired, consequences of race preferences—especially in a large, racially and ethnically diverse public university such as the University of California system (UC). In a sense, I will attempt to assess some of the (mostly non-money) costs of race preferences overlooked or neglected by Bowen and Bok in their defense of such policies.

The view from the ivy tower

My first impression on reading the book was how parochial it is, how clearly it reveals its origins east of the Hudson. Bowen and Bok do not address the problems with the academic preparation and performance of black Americans taken as a group, which affect their distribution among our 3,700 colleges and universities. They take, more or less as given, the number of motivated black high-school graduates who are prepared for college at various levels and then argue that elite institutions should be able to take their color into account in their admissions policies.

But it slowly dawned on me that, apart from its farreaching constitutional implications, this really is a tempest in a teapot. The book is inordinately concerned with a small number of able and talented black students who attend a small number of very selective colleges and universities—and by no means all of them. These students attend fairly prestigious colleges and universities and contribute to society in a variety of ways that will depend more on their own talents, energies, and unique qualities than on their alma mater. This may be heretical to presidents and former presidents of Ivy League universities, but perhaps not so heretical to those less concerned with the status attached to being a graduate of Yale or

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Princeton, and rather more concerned with what efforts and energies a student puts into his studies, and with what success he discovers where his genius lies.

Indeed, I find it mildly embarrassing to see how intensely Bowen and Bok focus on a small number of elite universities to demonstrate that a small number of academically talented black students benefit from racial preferences. These students, they report, make friends with people of other races, do not resent having benefited from preferences, and go on to achieve professional and financial success. This may all be true, but it does not prove that these benefits, for a handful of very gifted students, are not offset by larger and costlier harms for higher education and society as a whole.

The authors have less concern for the stock of well-educated black people in our population, or the welfare of the society in which those people take their place, than for their own institutional pride, and the prestige attached in some circles to the numbers of trophy minority students they can enroll. Inevitably, whatever disclaimers they make, Bowen and Bok strongly suggest that black students who do not go to the most selective institutions, or would not be admitted under a race-neutral regime, would be greatly disadvantaged thereby.

They do not make that case, and I don't believe it for a second. Nowhere can they demonstrate, in their piles of survey data, that a black student who is admitted on his own merits to UC Riverside, or even to CSU San Diego, is significantly disadvantaged in relation to an affirmative-action admit to Princeton or Harvard. More importantly, the book does not persuade me that blacks who do not attend a Harvard or a Yale are harmed as a result. The notion that you have to go to one of the most selective universities to fulfill your potential, or to become a leader in America, betrays an elitist conception of American life that ignores how widely dispersed power and influence are, how diverse the origins of our institutional leaders are. I accept that these selective institutions give their graduates advantages simply by virtue of their reputation as elite universities. That kind of advantage is built into the status system of our society, and minorities who are admitted to those institutions have as much right to that advantage as anybody else. But it is simply a fact that, now and in the

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future, the overwhelming majority of black leaders will come from other institutions—ones they enter without racial preferences. And the costs to blacks, and to American society as a whole, of the racial and ethnic preferences defended by Bowen and Bok, far outweigh the marginal advantage to the small number of highly qualified black students who are assured entry to any number of first-rate colleges and universities without racial preferences.

Cascading choices

Moreover, the book simply finesses a whole set of questions that must be asked of race- and ethnic-preference policies when examined from beyond the Hudson and through the perspective of a wider range of colleges and universities. This bears on the especially contentious issue of "cascading"—what would happen if the most selective universities were to practice a race-neutral admissions policy. "Cascading" refers to the pattern of choices made by students who are refused entry to highly selective institutions, and are then admitted to somewhat less selective institutions. (In California, we are also seeing "cascading" *upwards* from UC campuses without race preferences to more selective private colleges and universities that offer race and ethnic preferences.)

Bowen and Bok's discussion of this matter is confusing. Does anyone doubt that those students not admitted to the most selective Ivy League universities would certainly be admitted somewhere else—perhaps to a slightly less selective Ivy League school or even to another still less selective institution? Is there any question that they would go *somewhere*? And what evidence is there that they would not fare well in such places or make useful and important contributions to American life?

California, and especially the University of California system, can prove helpful in answering these questions. We have at the UC a mini-laboratory of the cascading effect. In 1995, the UC Board of Regents voted to abolish racial preferences in admissions; and, in 1996, California voters confirmed this decision by approving Proposition 209, which abolished all racial and ethnic preferences in state institutions. These changes were implemented on UC campuses in 1997 for graduate and professional schools, and in 1998 for undergraduate admissions.

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If we compare the enrollments of California resident freshmen on all eight general campuses over those two transitional years,[1] we find that the total number of black registrants fell from 917 to 739, a decline of 178, or about 19 percent. Among Chicanos, the largest preferred group before Proposition 209, freshmen enrollments fell from 2,325 in 1997 to 2,211 in 1998—a decline of just under 5 percent. ("Chicano" is the University of California's category for Hispanics of Mexican origin. Other Hispanics are registered as "Latinos" regardless of origin.)

Indeed, the numbers more accurately describe not a dramatic decline among minority admissions but a redistribution of these students within the UC system. The numbers of black and Chicano freshmen declined markedly at the most selective campuses, Berkeley and UCLA, but rose at the less selective campuses. The biggest drop in the numbers of Chicanos occurred at UC Berkeley, Los Angeles, and San Diego, which together showed a decline of 383 Chicano freshmen enrolled, most of whom clearly reacted by enrolling at UC Irvine, Davis, Riverside and Santa Barbara, where their numbers grew by 269. Similarly, while black enrollments in 1998 at UC Berkeley and Los Angeles fell by 193 freshmen, these losses were partially offset by increases in black enrollments at the Irvine, Riverside, and Santa Cruz campuses.[2]

I do not believe that these students will receive an inferior undergraduate education because they have not been admitted to a more selective UC campus. And they will know that they owe their position solely to their own merits. They are not "affirmative-action" admits, just new Cal students.

Fewer minority students?

But these figures showing a decline in black and Hispanic enrollments in UC between 1997 and 1998 are subject to one

[1] These figures are supplied by the University of California, Office of the President.
[2] California's Master Plan guarantees admission to the University of California to the top 12.5 percent of the graduates of California high schools, though not to any specific UC campus. Thus all of the minorities who were eligible for entry to the university in 1997 would also have been eligible in 1998. The effect of Proposition 209 was only on admission to those campuses that were admitting more selectively than required by the Master Plan as a result of the growth of UC-eligible applicants to those campuses beyond the number of places available. That led to a planned cascading within the university from more to less affected campuses, and to some unknown degree, from the UC to other colleges and universities in California and elsewhere.

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important qualification: Total freshmen enrollments at all UC campuses rose by 1,195 between 1997 and 1998, but the number of new students in most racial and ethnic groups declined. In particular, the number of new students registering as white declined by 1,194. How can that be? The answer, largely neglected in discussions of Proposition 209's impact on the UC, lies in the very large increase between those two years in the number of applicants who refused to provide information about their ethnicity—from 774 in 1997 to 3,441 students in 1998. That was the year when race would no longer help their chances for admission to their campus of choice.

The students who declined to identify themselves by race or ethnicity comprised 14 percent of all new freshmen, making them the third largest group in the university after whites (33 percent) and Asians (28 percent). No one knows the ethnic or racial distribution of these 3,441 students, many of whom said in effect, "Now that this information cannot legally be used in the admissions process, it is none of the university's business what my 'race' or 'ethnicity' is." But whatever that distribution, it does mean that the published figures on enrollments of the racial and ethnic minorities are almost certainly lower than the true figure. For example, the "declared" Chicanos comprise 9 percent of the total enrollment in the university. If only 3 percent of the "refused to answer" were Hispanics, that would add 103 to their total, almost making up for the apparent loss of 114 Chicanos between 1997 and 1998. Similarly, some "blacks" of mixed race might have taken this costless opportunity to refuse to make the painful choice between their racial or ethnic origins, as Tiger Woods has done. Whatever number that might be would reduce the apparent effect of Proposition 209 on the decline in the numbers of declared blacks between 1997 and 1998. (Another 377 enrolled students classified themselves as "Other," also of unknown ancestry.)

There is no doubt that the abolition of racial and ethnic preferences led to a decline in the number and proportion of blacks and Chicanos admitted to the most selective UC campuses, Berkeley and UCLA. However, three other UC campuses—Irvine, Santa Cruz, and Riverside—showed an increase in black enrollments in 1998 over 1997, with little change at UC Davis and San Diego. Blacks could hardly be said to have

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fled the university, despite fearful (or hopeful?) predictions to the contrary. Indeed, their "take rate"—the ratio of enrollments to admissions—is almost exactly the same as it was in 1996 throughout the university.

But here one would like to see further research on "cascading" in different universities and for different groups. For example, many of the blacks not admitted to Berkeley or UCLA undoubtedly had other options. They might have enrolled at other UC campuses, like many Hispanics who failed to get into Berkeley or UCLA. Alternatively, they may have accepted admissions offers from selective private universities and colleges, in California or elsewhere, which offered them attractive scholarship packages. I would also be curious whether some went to one of the 22 campuses of the California State University (CSU) system. That system is relatively selective, taking the top one-third of California's high-school graduates; though most of the students who are rejected by Berkeley or UCLA could enter the CSU system almost automatically. If they did, they would profit from a CSU education and discover how easily a CSU graduate, who has been a serious student, can transfer to the University of California or another research university for graduate study, if so inclined.

In any event, the UC provides a natural laboratory for the study of "cascading," and such a study might lead to more modest notions of its effects on life chances. Indeed, contrary to the physical image of "cascading," we might discover that some students, rejected by their UC campus of choice, cascaded "upwards" to more—rather than less—selective institutions that are still applying race and ethnic preferences.

Race in public and private

Bowen and Bok also neglect to ask which groups should be preferred. They cite methodological concerns to justify confining their study to black students, but, by omitting other groups, they also distort our picture of racial preferences. Race in America, despite many who believe otherwise, is not a black-and-white problem; the huge number of racial and ethnic groups in our country greatly complicates any effort to deal with a particular group, as if it alone were the object of preference.

Race-preference policies have broader implications, not least

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political ones, when the "people of color" admitted make up not 5 percent or 6 percent of the entering class but well over 50 percent of the university. This is true of the University of California, where nearly a quarter of its student body consists of formerly preferred groups, now no longer preferred.[3] Proposition 209 expressly applies to public institutions and does not affect the practices of Stanford, USC, Cal Tech, or the many other private colleges and universities in California. Although leading public and private universities have come to resemble one another more in recent decades, private universities remain autonomous and are correspondingly less accountable to the public. By contrast, the UC did not have the freedom to choose which groups in society it would prefer.

Bowen and Bok do not address this fundamental difference between private elite universities and selective public universities. Private universities have an extraordinary degree of autonomy to admit whom they please on whatever grounds they please. That is broadly accepted in this country, despite the inroads on their autonomy by OSHA and other regulatory agencies. Public universities are in this respect quite different; state governments ordinarily have very strong views about the terms of access of their citizens to "their" universities. Even when, as in the case of UC, the government has granted a high measure of autonomy to the state university, it still requires that public universities make the criteria for admission clear and fair.

Notions of what is fair are contested and change over time, no doubt. But public universities, certainly in California, had taken the questionable step of selecting students on the basis of a racial formula. It is only now, after racial and ethnic preferences have been outlawed, that the university can move to selecting students through a consideration of their whole file. Factors other than test scores and high-school grade-point average can be considered, with the exception of race or ethnicity. And this is a clear improvement, welcomed by all sides of the Proposition 209 debate.

Moreover, even if some groups are to be preferred, how can a public university verify that a student is actually a mem-

[3] Not including the "refused to answer" category, Chicanos, blacks, American Indians, East Indian/Pakistanis, Latinos, and Filipino Americans add up to 24 percent of the newly enrolled freshmen in UC as a whole in 1998.

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ber of that group? This may not be a problem at Princeton; however, it is a problem at Berkeley or in the UC generally. It is not very difficult to imagine a way to identify "black" students at a small, private institution. For those students who claimed to be black, a small private university can simply apply the "one drop" criterion evidenced by skin color and the correlated features of hair, eyes, and physiognomy once used by the old racist society that we ought to have put behind us. However, that is not so easy at the UC, and at many other large public universities, where applicants are not interviewed, and where the "one drop" criterion cannot be used to check a claim on an application form.

Furthermore, the policy of group preferences forces impossible choices on the rapidly growing number of Americans from multiracial backgrounds. Before racial preferences in public institutions were abolished in California, the university in effect said to applicants of mixed race: "You must choose between your father and your mother in marking the race/ethnicity box on the UC's admissions form. If you choose the preferred race, you are more likely to be admitted to Berkeley and to get additional financial support. If you choose the other race or ethnicity, your chances of admission are simply poorer. If you choose to check the box labeled 'Other' or refuse to choose at all, we will treat you as if you were white, i.e., negatively preferred." It cannot be right for any public institution to force a student whose parents are, say, Asian and Hispanic, to choose between his father and mother in asserting his own ethnic identity. Such students often resist those pressures, asserting with pride the dual or multiple nature of their ethnic roots. But group preferences reward one identity and punish the other. It is indefensible for public policy to force that choice.

The Nuremberg dilemma

To reward a check in a box also invites fraud, especially when it appears to be a victimless crime (the person with the wrong skin color who will be excluded thereby is a very dim figure indeed). In addition, at the UC, there is no way such fraud could be uncovered. When race preferences were being applied on UC campuses, no efforts were ever made to verify

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the truth of a claim to a preferred race or ethnicity. Indeed, when I asked about this, an official in an admissions office replied indignantly, "We are not in the business of enforcing Nuremberg Laws." Precisely.

The Nazis employed the Nuremberg Laws to define exactly what fraction of "impure" blood would deprive "non-Aryans" of citizenship and, eventually, of life. In California, however different the motives and consequences, any efforts to establish the truth of claims to some preferred category would require, first, that the university or some other agency set forth what fraction of a blood line would qualify, and then define the procedures for testing those claims. In some smaller universities the names of students claiming a preferred origin might be given to a student group on campus to investigate. But, at the UC, students were and are ethnically anonymous if that is their choice. Moreover, on the slight chance that a fraudulent claim to a preference was uncovered, no penalties would have been imposed. Indeed, penalties would have required a formal statement of the conditions of blood and origin that would qualify for the preference, and that would return the university to the Nuremberg dilemma. Wisely, it chose not to do that.

But with neither procedures to confirm a claim to a preferred status nor penalties for fraud, it would be surprising if the amount of fraud did not grow, especially as teachers and guidance counselors realized the advantages a check in the right box would confer upon an applicant's chances of being admitted to Berkeley or another selective UC campus. The frequency of this kind of fraud cannot be known with any accuracy, but one incident will illustrate the form it takes: A university officer, visiting a local high school, observed a student checking the box labeled "Chicano" on his application form.

"Oh, you're Chicano," said the official by way of making friendly conversation.

"No," came the reply. "Actually I'm Iranian, but my teacher told me to check 'Chicano' if I wanted to get into Berkeley."

That was a rather straightforward claim to a fraudulent preference; the manipulation of Spanish surnames was more widespread. Here the confusion about what "Latino" means, whether it includes Portuguese and Brazilians and European Spaniards,

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invites a very broad interpretation, including the many part-Latinos who did not have Hispanic surnames. Who is a Latino, and how do you know? How much "blood" is required to qualify—both parents, one parent, one grandparent, or simple residence in a country that we call Hispanic? How about European Hispanics? How about the Portuguese, who have recently successfully argued their way onto a government preference list? Stories of questionable claims to a preferred status are known and retailed with a cynical chuckle in universities; before the change of policy in California, they fuelled widespread cynicism about the fairness of all the admissions procedures. These are not "details" but insoluble issues in a country deeply reluctant to probe into ethnic and racial origins.

Finally, on the issue of how long the preferences should stay in place, the authors of *The Shape of the River* are more forthcoming: simply "for the foreseeable future." There may be goals for the application of preferences; there are no goals visible for the ending of preferences. The notion suggested is that one racial group, or more than one, must "for the foreseeable future" be exempt from the American ideal that individuals are judged, assessed, and rewarded for their own achievements. These are big issues of policy and implementation which the book simply avoids in the course of telling us about the mostly successful careers of black students who attended a few prestigious universities.

From "Jewish Peril" to "Yellow Peril"

One consequence of "affirmative action," largely neglected in the literature justifying racial preferences, is the exclusion of certain other groups. In the East, where most private elite research universities are located, the excluded are generally white. As the symbolic representatives of the advantaged and repressive groups in American history—never mind who they actually are—they gain little sympathy. And the private universities may choose to prefer only blacks, and thus those who are excluded are not only white but apparently few in number. In California, we did not have that dubious privilege; before Proposition 209, we were required by federal law and regulations to prefer a variety of other racial and ethnic groups, chief among them, Chicanos.

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Moreover, in California, those who are disadvantaged by their racial and national origins are more likely to be Asians, who outnumber whites on the most selective UC campuses, Berkeley and UCLA, and currently comprise 37 percent of the new Berkeley freshmen (as compared with about 28 percent white).[4] These "Asians" include a very wide variety of backgrounds—old and new Chinese, Japanese, Thai, Vietnamese of various kinds, Indonesians, Koreans, and more. (Filipinos and East Indian/Pakistanis are counted separately. They were also formerly preferred.)

Of course, many supporters of "diversity" never acknowledged the wide variety of backgrounds represented by "Asian" students at the UC. On the contrary, the preference policies in California were a way of controlling the numbers of "Asians" in the UC. No one actually said that, except occasional visitors like President Clinton who warned Californians in 1995 of the dangers of abolishing racial preferences. Beware, he said, "there are universities in California that could fill their entire freshman classes with nothing but Asian Americans."

We are reminded of similar concerns about the "Jewish Peril" at elite Eastern private colleges and universities throughout the first half of this century. Quotas were employed to limit their numbers and were only dismantled after World War II, persisting into the 1950s at some universities. Then it was too many smart Jews; today, it's too many smart Asians and not enough room for everybody else.

Few leaders of leading private research universities today would defend their racist exclusionary policies of the past. But these same leaders have no difficulty in defending similar policies that exclude other people, with different "racial" characteristics. The difference presumably lies in the malign motives in the earlier racial exclusions and the benign ones today. But the consequences are remarkably similar. Students who are otherwise fully qualified for entry to a university are excluded because of their skin color or national origins. And a further irony is that some of the "Asians" who suffer this "benign" discrimination are the grandsons and granddaughters of people who were confined to relocation camps during World

[4] These, of course, do not include the unknown proportions of Asians who "refused to answer."

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War II in another, and now widely regretted, expression of public racism in America.

For all these and other reasons the race- and ethnic-preference policy at UC was not only intrinsically unfair but was increasingly seen to be unfair by faculty and students alike, causing growing resentment over race and ethnicity among all groups and dividing the academic community. The more differentiated ethnic and racial groups have become, the more transparent are the injustices and inequities of policies based on group membership. Public policies based on race and ethnicity have a powerful and inherent tendency to reduce people in all their variety and complexity to their membership in a racial category. But higher education aims to further differentiate us, to encourage and educate our qualities of mind and character, to give more varied aspects to our individuality, and to teach us to nurture our unique qualities. Intelligence and creativity, if allowed, burst through the constraints of social origin; nurtured by our origins, we transcend them through the disciplines and freedoms of scholarship and science. People differ, and must be allowed to differ, in whether, and to what degree they choose to find their identities in their ethnic origins, but that is no business of public policy.

The end of preferences at Boalt

Bowen and Bok also do not tell us how much preference they would defend, beyond defending whatever level was being applied in the institutions over the period they discussed. How much is enough? Here again some evidence from the UC may be enlightening, this time from a professional school.

Before racial and ethnic preferences were abolished in the University of California in 1995, the relevant law was the Supreme Court's decision in the *Bakke* case of 1978, which outlawed racial quotas but permitted institutions to consider race as "one factor in admissions." But the Court declined to explain how much of a role in admissions race should play. Some institutions interpreted the decision as saying that "other things being equal," race could be a preference at the margin and acted on that principle. Others went much further, giving whatever weight to race and ethnicity in admissions that was necessary to achieve the particular racial mix they were seeking.

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An example of this is the recent history of admissions to Berkeley's law school, Boalt Hall. After racial preferences were abolished, it was widely reported by the media in the summer of 1997 that, with the exception of one black student who had been accepted in the previous year but had delayed entry, no new minority students would enroll at Boalt. The figures for Boalt were reported before any other figures for other professional and graduate programs and were taken as representative of the effects of abolishing racial preferences on the graduate programs in the University.

They were not; when those figures were released many months later, it appeared that the proportions of blacks and Hispanics[5] entering Berkeley's graduate programs, apart from Boalt, had changed only slightly. Indeed, Proposition 209 has had little effect upon new students in UC graduate schools (excluding the professional schools). Between 1996 and 1997—that is, when the new rules applied to UC's graduate schools—the Office of the President reported that "the number of African Americans increased by 2 percent, while the 'other' and 'declined to state' categories increased by 25 percent." Those figures occasioned very little comment in the press.

One might have imagined that the university would want to spread the good news that the abolition of racial and ethnic preferences at the graduate level was having very little negative effect on the numbers of black and Hispanic students. But there were no press conferences or statements by senior administrative officers calling attention to these surprising figures, as they had in connection with the Boalt story. In this case, as in others in recent years, good news was treated by the university and its public relations offices as bad news, whereas what looked like bad news, especially the Boalt story, was trumpeted by university officials. Indeed, some within the university appeared to encourage even worse news to discredit the new race-blind policies. Bowen and Bok quote a director of a black recruitment program at Berkeley as saying, "We told [prospective students] that [Boalt] is a very hostile environment and that we're not welcome here ... we weren't pushing them to come to Cal."

[5] Graduate and professional schools at the UC essentially set their own criteria for admission. While the University of California counted "Chicanos" and "Latinos" among its undergraduates, Boalt counted "Hispanics."

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Boalt differed from most other graduate and professional programs in one important respect: It competed for the ablest minority applicants with other leading law schools—especially those at the top research universities—but unfortunately, it was almost always unsuccessful in that competition. Long before the Regents' action or Proposition 209, Boalt was consistently losing all, or almost all, of its highly qualified minority candidates to more prestigious law schools that could offer more financial support, and perhaps more attractive positions upon graduation. The fact that Boalt could not hold its best applicants against the Ivy League law schools is no criticism of Boalt; other law schools are better endowed, even more prestigious, and even better launching pads for highly successful careers. But, in the fall of 1997, when no minority students enrolled in Boalt's entering class, administrators blamed the Regent's abolition of racial preferences for the loss of "diversity" at Boalt.

Boalt was a story of the radical application of preferences, surely beyond what was envisioned in *Bakke*. The degree of preference in admissions to Boalt was not "race sensitive," but heavily "race determined."[6] We can see this now because, unlike most other graduate departments and professional schools, admissions to Boalt had been organized around a formula placing applicants into one of four "Ability Ranges," A through D, from the highest scores to the lowest, defined by a combination of the student's undergraduate grade-point average and scores on the LSAT.[7] In 1996, only 855 students were admitted to Boalt out of 4,684 who applied. But the proportions admitted were highly varied among the different ethnic and racial groups and in the different ranges.

For example, 18 applicants from the preferred groups—chiefly blacks, Hispanics, and Native Americans—fell into the top two Ability Ranges, and all but one of them were accepted. And that is true for the other two big groups, whites and Asians; almost all applicants from Range A were admitted.

[6] The data referred to here were obtained by Dan Guhr, a graduate student at Oxford University doing his dissertation on comparative patterns of access to higher education in several advanced societies.

[7] For example, the chart for California residents defines Range A as including stepped combinations of GPAs from 4.00 to 3.80 and LSATs from 167 to 178. So a GPA of 4.00 and LSATs of 167 to 171 are included, as are a GPA of 3.80 and a LSAT score of 178.

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However, substantial differences in admission rates begin to appear among applicants from Range B (69 percent and 62 percent for Asians and whites respectively, versus 94 percent for racially preferred groups), and are very large in the lower two Ability Ranges C and D. Of the 124 Asian applicants in Range C, only 24, or 19 percent, were admitted; and, of the 607 whites in that range, 101, or 17 percent, were admitted. But of the 35 members of the preferred groups in that range, 27, or fully 77 percent, were admitted. And, in Ability Range D, only two out of 492 Asian applicants were admitted (.4 percent), as compared with 100 out of 696 (14 percent) preferred applicants. The proportion of whites admitted from that Ability Range, 19 out of 1,223, or 1.5 percent, was almost as low as among the Asians.

When we look at specific ethnic groups, the differences are even more striking. Of applicants in Ability Range C, 10 were students of Japanese origins; an equal number of black applicants were in that same Ability Range. All 10 black applicants in that Range were accepted, but not one of those of Japanese origins. Of the 384 black applicants in Ability Range D, 62 were admitted. By contrast, of the 174 applicants of Chinese origins in that same Ability Range, not one was admitted to Boalt Hall.

When a university starts counting by eye shape or skin color, all notions of "how much" race preference is justifiable collapse; there are no criteria or numbers on which people can agree. And when merely being "race sensitive" is not sufficient to achieve a desired level of "diversity," as at Boalt, then officials are tempted to apply racial criteria as far as necessary to get the numbers right. The end of race preferences dramatically affected Boalt because of how much it had previously compensated for its weakness compared with prestigious Ivy League law schools for the most able minority applicants. When race preferences were abolished, Boalt could no longer admit large numbers of poorly qualified minority students in preference to white and Asian students with higher qualifications. And those less well qualified minority students admitted under the preference system could no longer mask Boalt's inability to compete successfully against Yale, Harvard, and Columbia for the most able minority students. By contrast, the graduate programs in Arts and Letters and the sciences did not experience

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declines in their minority enrollments because they did not have to change their admissions criteria and practice very much after preferences were abolished.

The illusion of consensus

Much is made by Bowen and Bok of the importance of diversity in a student body—of the value of exposing students to differing perspectives, values, and orientations for education. But, oddly enough, the American Association of Universities (AAU), along with its sister organizations on Dupont Circle, exhibits no diversity on the issue of race and ethnic preferences in higher education. I don't mean a near consensus, but rather, a perfect consensus, as reflected by the signatures of every AAU member, in a full-page advertisement in the *New York Times* in April 1997, expressing opposition to laws prohibiting race-blind policies.

The AAU, and academic leadership generally, are not typical in this respect; on the contrary, every other group in our society is divided on the wisdom of using race and ethnicity for such decisions, usually pretty evenly, from Congress and the courts, to business and the press, to professors and students, and above all, to the larger society and its voters. People debate these issues among themselves everywhere—except in the organizations of college and university leadership. No arguments there, at least none that anyone can hear. But two well-crafted surveys by the Roper Center of the University of Connecticut—one conducted on the nine UC campuses and another that questioned college and university professors nationwide—found that *a majority of academics everywhere oppose preferences, and while different wordings get different distributions, everywhere there are substantial numbers on both sides.*

What explains this curious combination of outward consensus and internal division? UC leaders have created a false illusion of a broad consensus within the university in favor of racial preferences. On these issues, administrators and their staffs presume to speak for the university. And they are the voice of the university. One would never guess from reading their newsletters, campus journals, and alumni magazines that there is substantial opposition to racial preferences within the academic community. In all our institutions, and most cer-

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tainly in the University of California, the professional affirmative-action community is large, broad, and strongly committed to the policies of group preference. This and the passion they bring to the issue help explain why the opposition, however well represented in the faculty, is nearly voiceless.

This peculiar consensus among university presidents arises out of a mixture of principle and a keen sense of who, on or around campus, can make trouble for them. People opposed to preferences do not make any significant trouble for senior university officers; groups that profit from and administer preference policies can and do. The officials who administer the UC's large affirmative-action bureaucracies have been appointed on the understanding that they support the preference system, or at least will not oppose it. I cannot think of a single senior administrator in the past two decades, either at Berkeley or in the Office of the President, who has openly opposed preferences in admissions; if they had, they would not have been appointed to those jobs—and that includes appointments in the three years since race preferences have been abolished in UC. One result is a consensus on this issue among academic administrators which in no way reflects the diversity of views among the faculty or students.

Another result of this pattern of recruitment and retention of senior administrative staff is that university presidents do not commonly talk about admissions policies with people who oppose the preference system. The people they talk to—their own administrative staffs and senior academic administrators—share their views or keep quiet, as do most academics. One aspect of academic life which no one is inclined to discuss openly is the quiet intimidation of dissenters on this issue. Very few academics wish to offend both the senior administrators who govern their careers and budgets, and the well-organized affirmative-action pressure groups that are not slow to stereotype faculty members as "racists" or, at the very least, "right-wingers."

Consensual coercion

A second pillar of racial and ethnic preference policies is patronage—the jobs associated with the development and implementation of these policies. Jobs are a source of interests,

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linked in universities no differently than in other areas of life. The passion that lies behind the defense of race and ethnic preferences combines both material interest and feelings of moral superiority. As a result, opponents are demonized and dissent is silenced. While our colleges and universities proclaim their endorsement of diversity, many of them simply do not permit open dissent on the issue of affirmative action. A distinguished federal judge who knows academia well has observed that "groups holding considerable power in the university loathe speech with the wrong content about topics important to them, and ... those who say the wrong things will have little peer or institutional protection ... Many ideas may not be expressed, many subjects may not be discussed, and any discussion on matters of political salience has to avoid offending groups powerful in the university."

Indeed, although faculty members are sharply divided over racial preferences, such differences are expressed only under the security afforded by anonymity. Open meetings of campus senates on all nine UC campuses have passed resolutions by lopsided votes condemning the Regents' decision to abolish racial preferences, but mail ballots at UC San Diego, Los Angeles, and Santa Barbara and the system-wide survey by the Roper Center showed the UC faculty to be evenly divided on the issues.[8]

[8] The Roper Poll of UC faculty on all nine campuses was designed in consultation with members of the UC faculty, including this writer, and had a response rate of 80 percent. It survived searching criticism on methodological grounds. The Roper Poll asked voting members of the Academic Senate whether they favored granting preferences to women and certain racial and ethnic groups, or whether they favored promoting equal opportunities in these areas without regard to an individual's race, sex, or ethnicity. A wide plurality (48 percent) favored the latter policy; only 31 percent favored the granting of race and ethnic preferences.

These findings are consistent with polls on this issue over the past 20 years, both among academics and in the general population. When the question was put differently in the form, "Do you favor or oppose using race, religion, sex, color, ethnicity, or national origin as a criterion for admission to the University of California," the findings show a bare majority (52 percent) for retaining those as "criteria," and fell below 50 percent when asked about these preferences for appointments to the faculty. When asked in yet another question about their own understanding of the term "affirmative action," given the choice between "granting preferences to women and certain racial and ethnic groups," or "promoting equal opportunities for all individuals without regard to their race, sex, or ethnicity," the faculty sample voted for the second definition over the first, by 43 percent to 37 percent. Another 15 percent accepted neither statement as their own meaning of the term. Indeed, one might note that over the years supporters of race and ethnic preferences have highjacked the term "affirmative action" to refer to their policies, contrary to the views of a plurality of UC faculty who still think it means "promoting equal opportunities."

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One reason for this dichotomy is that UC scholars and professors are not fearless Green Berets. The University of California, like other universities over the years, developed a strong climate and organizational structure in support of a policy of racial and ethnic preferences in admissions. From the President's Office down, every campus and every college had administrative offices and Academic Senate committees to plan and enforce preferential policies; every department had and has an "affirmative-action" officer to monitor its behavior. Every chancellor, provost, and dean on every UC campus, with varying degrees of enthusiasm, has supported preferences. Indeed, for many years no chancellor, provost, or dean was appointed in the University of California who shared the views of the current majority of Regents on racial preferences. But there was and is no equivalent organization of people inside the university devoted to criticizing the preference policies or to reforming them. Even tenured professors do not like to run afoul of their deans and provosts, much less their chancellors, all of whom can be very clear about their own preferences, though not always on paper. I must confess that if I were still Director of Berkeley's Center for Studies in Higher Education, I might not be writing in this way.

And, as I have already indicated, critics of racial and ethnic preferences always risk being tarred as racists. No matter how unwarranted and unfair, it is an awful epithet that can damage, even destroy, one's career. Can anyone be surprised if most University of California faculty members who did not share the official doctrines on admissions and appointments kept their views to themselves, at least until they had the protection of anonymity in a survey being conducted from Connecticut or a mail ballot?

The pattern of "consensual coercion" brands some viewpoints as illegitimate and deprives those who hold them of protection. Those who voice objectionable views are stereotyped and labeled as "highly partisan," "right-wingers," or even unwitting "racists." No longer do their arguments have to be read or heard; because their arguments are already known,

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The Roper Center also conducted a similar survey in October 1996 of academics in colleges and universities all over the country. This found even higher proportions of respondents opposed to racial and ethnic preferences in admissions and appointments than was found in the UC survey.

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they can be dismissed without benefit of the doubt. Already discredited, opponents of racial preferences are then demonized; they are not merely mistaken, but evil—and fair game for late-night calls and hate mail. This kind of coercion often does not need to go this far to be effective. That is what is meant when lawyers and others speak of the "chilling effect" of some practice or policy, and it is enough to stifle debate.

What Proposition 209 hath wrought

The Regents' actions and Proposition 209 are slowly liberating UC campuses from these chilling effects. While I believe that the president, chancellors, and their senior staffs have not changed their views, it is now possible, indeed even necessary, for people to talk about how to admit students in ways that might preserve and enhance diversity without specific attention to their skin color or eye shape.

Proposition 209, together with the Regents' actions, forced three important reforms at the University of California. First, it has forced the university to abandon its categorical formulas and to admit students by inspecting their folders rather than simply their scores and race. Some students have always been admitted on the basis of their individual qualities and promise—musicians, athletes, students from abroad—but now, this must be done more broadly. To make a decision about an individual on the basis of that person's own qualities, not of his group membership, is an important step forward.

To support race-blind or race-neutral policies does not mean that one does not take into account the actual nature of American society and its effects on academic performance and life chances. Our admissions officers will be able to take into account an individual's response to disadvantaged circumstances—for example, performing well and taking college preparatory courses in a school where few go on to college. We should reward that kind of initiative and motivation. Similarly, it seems to me sensible to take into account the handicaps on academic performance implicit in growing up in a household where English is the second language. But that is a characteristic of an individual and his situation, and not of an ethnic group, many of whose members come from homes in no way disadvantaged. These suggestions, which are the kinds of ideas

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that UC committees and admissions officers are currently struggling with, direct our attention to individual qualities rather than supposedly homogeneous racial qualities, and do not therefore negatively stereotype or put in question the student's own personal qualifications.

Another clear gain of Proposition 209 is that all students admitted to the UC can now justifiably feel that they are here on their own individual merits, and are not "affirmative action" admits. Before Proposition 209, no member of a preferred group could be sure whether he was admitted on his own merits or in response to a university policy concerned with competitive numbers. Equally troubling, neither could their family or friends or classmates. Bowen and Bok assert, on the strength of their survey, that recipients of these preferences did not resent those privileges. I suspect that, had the authors investigated some other social issue, they would doubt any survey's capacity to assess adequately the deep and inevitable ambivalence felt by beneficiaries of racial preferences. Indeed, different research methods would be required; only long, intensive interviews might uncover the complex feelings that Bowen and Bok dismiss so cavalierly.

But Proposition 209's greatest contribution lies elsewhere. With racial preferences abolished, we will have to think more fundamentally about the problem of underrepresentation in higher education—that is, we will have to improve the quality of elementary and secondary education. The University of California has begun to do that in a serious way, with the help of a recent grant of $40 million from the California legislature. Each campus has a chance to develop a program for improving the quality of K-12 schooling in the state. That is exactly where our energies ought to be going—to improve the quality of education for all California youth, especially those who most need it. The aim is not to distribute a small number of qualified blacks among a very small number of elite universities; rather, it is to increase the whole number of qualified youth, among them many blacks and Hispanics, who are prepared and motivated to continue their education in colleges and universities that will accept them for their talents and aspirations—not for their skin color or national origins. Race and ethnic preferences mask the inadequacies of our schools and distract us from that overriding obligation.

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Doing it right: job training and education

JAMES J. HECKMAN

THERE has of late been much hand wringing over what to do about the emerging new labor market, in which the real wages of high-skilled, well-educated workers have increased, while the real wages of low-skilled and poorly educated workers have decreased. Unless something is done soon about this growing inequality, argue politicians and pundits, serious political and social consequences will follow. The solution favored by most is actually an old one—policies and programs that will supposedly help America's unskilled workers gain socially productive skills. It is further thought that increasing the supply of skilled workers will help to dampen the rising wage gap between the skilled and the

The author would like to acknowledge the David Kinsley Lecture at the University of Illinois at Urbana-Champaign where an earlier version of this article was first given, and he would like to dedicate it to the memory of the late T. W. Schultz.

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unskilled. Indeed, most recent welfare reforms simply assume that adult-job-training programs can give participants the necessary skills to take advantage of the growing number of high-skilled jobs.

In this article, I reexamine the foundations of our current policies regarding skill formation and closely scrutinize the conventional wisdom on these matters. I draw on a body of recent scholarship that challenges many of the premises that govern public policy discussions. This scholarship suggests a broader view of the way skills are produced in a modern economy. Once this view enters the mainstream, the public's thinking on appropriate policies to promote skill formation will be substantially altered.

Three blind spots

Current policies regarding education and job training are based on fundamental misconceptions about the way socially useful skills are produced and precisely what those skills are. The conventional wisdom, held by most politicians, educated laypersons, and even many academics—especially professors in schools of education—is that formal educational institutions contribute most to skill formation. But this neglects the crucial role of families and firms in fostering skills.

The current emphasis in policy discussions on formal schooling, to the exclusion of informal noninstitutional sources of learning, is a consequence of three blind spots. The first is factual in nature and arises from a failure to recognize that learning is a lifetime affair. Formal or institutional education is only one aspect of the learning process, and recent research indicates that it is not necessarily the most important one. Learning starts in infancy long before formal education begins and continues throughout life. Recent research in psychology and cognition demonstrates the vital importance for skill formation of the early infant and preschool years when human ability and motivation are shaped by families and noninstitutional environments. Success or failure at this stage translates into success or failure in school, which, in turn, leads to success or failure in post-school learning. In other words, early learning begets later learning and early success breeds later

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success. In addition, since the publication of the Coleman Report, we have known that families and environments—not schools—play the crucial role in bringing about educational success as measured by test scores. Students from failed families do not succeed in school. Thus policies directed toward families more effectively improve school performance than expenditures on teacher salaries or new computers.

At the other end of the educational process is the postschool experience. Postschool learning, which includes learning by doing and workplace education, is an important source of skill formation that accounts for as much as one-third to one-half of all skill formation in a modern economy. However, because much of this learning takes place in informal settings outside of educational institutions, it is neglected by educational technocrats and the politicians who commonly equate skill formation with classroom learning.

A second blind spot of most educational planners and policy makers results from their belief that achievement tests and various measures of cognitive skill indicate the success of an educational intervention. It is certainly true that cognitive ability is important in life, and the return to cognitive ability has increased over time. However, this narrow focus on cognition ignores the full array of socially and economically valuable noncognitive skills produced by schools, families, and other social institutions. Enriched early intervention programs do not substantially alter IQ. However, they substantially raise noncognitive skills and the social attachments of participants.

A third blind spot of most educational planners and policy makers is their failure to recognize that parents can choose wisely if offered choices about their children's education. Such policy-making elites close their eyes to the fact that competition and incentives can improve the performance of schools. More generally, there is substantial mistrust of unregulated informal learning, whether in the workplace or the home. Although the failure of social planning in Eastern Europe and elsewhere is widely acknowledged, the social-planning mentality is alive and well in the local monopolies of American public education at the primary and secondary levels in most states. Everything we know suggests that most parents care dearly about the education of their children and can tell the

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difference between a good school and a bad one. When offered choices and the opportunity to experiment, most parents generally choose wisely, at least after they have gained some experience. They can distinguish the good teachers from the bad ones, the good schools from the bad schools.

Policy myths

In addition to these blind spots, policy makers persist in promoting programs that do not work. For example, much educational policy regarding college attendance assumes that a large number of bright but poor students are being denied a college education by the inadequate financial resources of their families. This powerful myth is the cornerstone of conventional wisdom about educational policies. Though it drives current thinking about educational policy, it is only superficially supported by the evidence.

The entire field of educational research is littered with myths like this—myths that guide public policy. We are told that reducing class size or increasing per pupil expenditure in primary and secondary schools will substantially improve educational outcomes. Yet most of the evidence points to the contrary. We are told that education produces substantial externalities—benefits harvested by others beyond those obtained by the people who are educated. These externalities are said to justify further subsidies to education. Yet careful analysis yields little evidence of such externalities, at least in the modern American economy.

Myths abound about job training as well. Presently, the economy has a large group of unskilled workers who have lost their jobs because of the rapid shift in demand toward more skilled workers, and because of the floor on wages in the markets for unskilled labor. One dangerous myth that motivates welfare reform and training policy is that it is relatively easy to adapt adult unskilled workers to the modern economy. According to this view, most low-skilled labor can be easily retrained to become skilled labor. In fact, the costs of doing so are high. Resources are diverted away from the young and the more trainable for whom a human-capital-investment strategy is likely to be more effective. In an era of tight budgets, it is far from obvious that investments in such low-skilled

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workers are justified on any but political grounds.

Also missing from current policy discussions of education and training policy is any consideration of priorities or recognition of the need to prioritize. In an era of tight government budgets, it is impractical to consider active investment programs for all persons. The real question is how to use the available funds wisely. The evidence supports the following policy prescription: Invest in the very young to improve their basic learning and socialization skills; at a given level of expenditure, reduce investment in the old and severely disadvantaged, shifting to wage subsidies for them.

In analyzing the evidence for these claims and their relevance for educational policy, it is important to distinguish statements about a world in which there is no educational policy from the world in which we live. The current subsidy of direct costs to students at major public universities is around 80 percent. So the appropriate question is whether that already high subsidy rate should be increased, not whether there should be any subsidy at all.

More college students needed?

A dramatic shift against unskilled labor has occurred in the American labor market. Since the early 1980s, the real wages of unskilled males have declined, while the real wages of skilled workers have increased. Accompanying the decline in the wages of the unskilled is a decline in labor-market activity, especially among the unskilled. A variety of labor-force measures show increasing joblessness and longer unemployment spells for persons with low skills.

Can we reverse this trend by increasing the supply of college-educated labor? Certainly, it would be enormously expensive. From 1979 to 1989, the wages of college graduates relative to those of high-school graduates changed roughly 14 percentage points. To reverse this 10-year trend by increasing the supply of skilled workers would require a once and for all increase of approximately 20 percent in the number of high-skilled persons in the workforce. College equivalents are 40 percent of the workforce and high-school equivalents are 60 percent. For a 1990 workforce of 120 million, about 5.4 million people would have to become college equivalents to re-

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verse the decade-long erosion of real wages. To maintain this gain in relative wages against the secular trend operating against unskilled labor, about one million additional skilled persons would need to be added to the workforce each year on top of the once and for all change of 5.4 million.

As a benchmark, the annual supply of high-skilled equivalents to the U.S. economy in the early 1990s is approximately 1.8 million persons. Maintenance of existing skill gaps alone would require that the percentage of persons acquiring post-secondary skills rise by 55 percent. To phase in the additional 5.4 million people required to restore wage parities to their 1979 levels over a 10-year period would require a total annual expansion of 70 to 80 percent in the supply of high-skilled persons. To engineer such an increase through a tuition policy, it would be necessary to reduce tuition substantially. In fact, college tuition would have to be zero, and people would have to be paid to attend school.

But is it really the cost of college tuition that reduces the quantity of college-educated labor? To see if there is any reason for further increases in subsidies to promote skills, let's consider evidence on the sources of skill formation and the claims made about market and family failures that impede such skill formation.

Conventional wisdom

The strong positive relationship between family income and participation in college has attracted an enormous amount of attention among academics. Most commonly, this phenomenon is thought to mean that short-term family financial constraints prevent children from low-income families from attending school. The Pell Grant program, the recently enacted HOPE fellowship program, and many governmental educational programs are premised on this interpretation of the data. It is also the most popular explanation for why whites have responded more quickly than minorities to the new market for skills by enrolling in college. Since minority families are concentrated in the lower end of the family-income distribution, their failure to respond to the increase in the economic return of schooling is widely viewed as a manifestation of the more general phenomenon of a market failure. The failure is attrib-

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uted to borrowing constraints that prevent poor people from going to college and taking advantage of the increased returns to higher education.

This common interpretation also notes that real tuition costs have increased over the past 16 years. At the same time, family incomes have declined among the bottom quartiles of family-income distribution. The real wages and employment of unskilled males have declined since the late 1970s. Minorities have been affected more than whites because more minority families occupy the lower portion of the family-income distribution. In addition, more families at the bottom of the family-income distribution are headed by females with dependent children. Such families have lower earnings and income levels than families headed by males.

In sum, it is held that the combination of rising tuition costs and declining family resources has prevented many children of low-income families from attending college. What's needed, advocates claim, are more subsidies to educate children from low-income families.

Cost no barrier

Certainly, real tuition costs have risen over the past 16 years. Between 1980 and 1997, average tuition levels rose by 100 percent at public four-year colleges and universities and 77 percent at public two-year colleges. At the same time, it is important to recognize that government subsidies to higher education are huge. In fact, substantial college loan and aid programs already exist for students from poorer families. At public two- and four-year institutions in the United States, in 1996, average costs of tuition and fees were about $2,300. To offset such costs, both the Pell grant and subsidized student loan programs are available to children of low-income families.

A first-year dependent college student was eligible in 1997 for a maximum of about $8,000 in Federal grants and subsidized loans. No minimum contribution toward estimated college costs was required from the student or the parents. In round figures, the $8,000 maximum benefit consisted of $2,500 in Pell grants, $2,500 in Stafford loans, and $3,000 in Perkins loans. The maximum rose to $11,000 for third- and fourth-

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year college students as subsidized loan limits rose. A host of other Federal programs direct money, in some form or another, to students. In 1996, total institutional subsidies alone were approximately the size of the entire Pell grant program.

At the same time, discussions of college tuition policy pay too much attention to the elite public and private institutions, ignoring the broad spectrum of community colleges and public four-year colleges. About half of all current college students are enrolled in community colleges. These colleges offer low tuition (typically about $1,300 per year in 1997 dollars) and flexible schedules that allow students to work while attending college. There are many more community colleges (1,036) than four-year colleges (604). Furthermore, most prospective students live near to one and can avoid room and board costs by living with their parents. And it is important to note that, in studies by Thomas Kane of Harvard and Cecilia Rouse of Princeton, the economic return to a year at a community college was found to be the same as the economic return at a four year college. Their evidence suggests that attending a community college for the first two years of the college experience has no adverse consequences in terms of future earnings.

All told, individuals attending public institutions of higher education pay, on average, less than 20 percent of the total direct cost of attending college. (This direct cost does not include foregone earnings.) Moreover, a substantial fraction of the 20 percent of the total costs borne by individuals is actually paid by private foundations and charities that extend aid directly to students.

In the current environment, with the institution of the community college in place, and with generous loan and grant programs available, the argument that tuition costs and commuting are major barriers to college attendance by the poor is implausible. It is useful to note that the take-up rate on Pell Grants and Perkins Loans is low. Many more funds are available than are spent. Borrowing constraints are not a plausible explanation for the lack of utilization of these resources. It is more likely that many eligible persons decide that even with a substantial tuition subsidy, the returns to college education for them would be too low to pay for the foregone earnings required to attend school.

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Family financial constraints reconsidered

But advocates for more subsidies put forward additional evidence to make their case. The argument for the importance of family financial constraints in explaining the disparity between minority and majority college participation rates starts by noting correctly that human capital is different from physical capital. People cannot sell the rights to their future labor earnings to lenders in order to secure financing for their human-capital investments. Even if they could, there would be substantial problems enforcing the performance of contracts on future earnings given that individuals control their own labor supply and the quality of their work effort. The lack of collateral and the inability to monitor effort are widely cited reasons for current large-scale government interventions to finance education.

If people had to rely on their own resources to finance all of their schooling costs, the level of educational attainment in America would eventually decline. To the extent that subsidies do not cover the full costs of tuition, people must raise tuition through private loans or part-time work, or they must forego consumption. Children from families with higher incomes have access to resources that children from families with lower incomes do not have, although children from higher-income families still depend on the good will of their parents to gain access to funds. Limited access to credit markets means that the costs of funds are higher for the children of the poor, restricting their enrollment in college.

Current tax law exacerbates these problems. Until recently, borrowing costs for education could not be written off against taxes. Even if they could be itemized, few poor families would find it profitable to itemize deductions. Until recently, the only exception to the nondeductibility of interest in the current tax law was mortgage interest. Under the new law, enacted in 1997, deductions for student loans are available. These deductions benefit persons who itemize and are unlikely to have much effect on college attendance for poor children. Of course, all families can itemize mortgage-interest payments in declaring their taxes. However, poorer families are much less likely to own homes, and hence, fewer of them are eligible to use mortgages on homes to finance the schooling of their children.

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The same principles that govern the purchase of other goods regulate the purchase of education. There is, undoubtedly, a consumption component to education. Families with higher incomes buy more education for their children—and buy higher-quality education as well. This factor partly explains the strong positive relationship between family income and college attendance.

An alternative, and not necessarily mutually exclusive, interpretation of the same evidence is that long-run family and environmental factors play a decisive role in shaping the ability and expectations of children. Families with higher levels of resources produce children who are better able to perform in school and better able to take advantage of the new market for skills. Such children have access to higher quality primary and secondary schools, and better educated parents who are able to assist and direct their studies. These family influences are present from birth through adolescence, accumulating over the years, producing scholastic ability and college readiness.

This alternative interpretation stresses the role of family and the environment and does not rule out the importance of short-term borrowing constraints. However, if the finances of poor but motivated families hinder them from securing decent elementary and secondary schooling for their children, resulting in a low level of college readiness, a government policy aimed at reducing short-term borrowing constraints for the college expenses of those children is unlikely to be effective. Policy that improves the environments that shape ability may be a more effective way to increase college enrollment in the long run. The issue can be settled empirically, but surprisingly little data have been brought to bear on this matter until recently.

The distinction between long-run family factors that promote college readiness and short-term borrowing constraints can be sharpened by imagining the following experiment. A random sample of families is drawn, and some of them win a million-dollar lottery at different points in the life cycle of their children. Those who win as their children are finishing high school have little opportunity to make cumulative long-run family investments that would contribute to college preparedness. Thus the newly acquired wealth would have little effect on the college attendance of their children (assuming college readi-

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ness and ability are the decisive elements in producing enrollment in college). For lottery winners with young children, in contrast, one might expect an increase in the college attendance of their children, provided that the parents invest in better schools and greater academic opportunities for their children over the longer horizon. If short-term credit-market constraints are the significant factor governing college attendance, then one would expect a large increase in college enrollments by children of previously poor families, irrespective of the age of their children, at the time the lottery was won.

If our aim is to encourage college attendance, improving the environments of children and improving preparation for college will be more effective than grant or loan programs to economically or cognitively disadvantaged children in their late teenage years. The reason is this: Cognitive ability is formed relatively early in life and becomes less malleable as children age. By age 14, basic cognitive abilities seem to be fairly well set. Since ability promotes academic progress, successful interventions early in the life cycle of learning lead to higher overall achievement. By the time individuals finish high school, scholastic ability is determined, and tuition policy will have little effect on college attendance.

Only to the extent that the family income of able high-school graduates falls below levels required to pay for college will short-term credit-market constraints hinder college entry. But given the current college-financial-support arrangements that are available to low-income and minority children, few bright students in this country are being denied access to college because of lack of credit.

The importance of the long run

In my joint research with Stephen Cameron, a professor of economics at Columbia, I dealt with a number of these general issues and posed, in particular, two questions: 1) Which factors have the most influence on school attainment? (2) Is the estimated influence of family income on college attendance a consequence of long-run family effects or short-term borrowing constraints?

To answer these questions, we compared the estimated effects of family background on college attendance when scho-

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lastic ability is included (and when it is not) as an explanatory variable in a statistical analysis of college enrollment. Measured scholastic ability is the outcome of long-term family and environmental factors—and these are, in part, the product of long-term permanent income of families. To the extent that the influence of family income on college attendance is diminished by including scholastic ability in an empirical analysis of college attendance, one concludes that long-run family factors, which are reflected in scores, are the driving force behind school attainment, and not short-term credit constraints.

We examined what portion of the gap in college attendance between minority youth and whites is due to family income, to tuition costs, and to family background. Not controlling for ability measured at an early age, about half of the 11-point gap between black and white college-attendance rates of high-school graduates is due to family income; more than half of the seven-point difference between Hispanics and whites is due to family income. When scholastic ability is accounted for, only one-half of one point of the 11-point black-white gap is explained by family income. For Hispanics, the majority-minority gap actually widens when family income is controlled for and when ability is introduced into the analysis. More importantly, equalizing ability more than accounts for minority-majority college-attendance gaps. Similar differences show up in high-school graduation rates and overall college attendance rates that do not control for the effect of high-school graduation.

Ability produced by families and environments accounts for pronounced minority-majority differences in school attainment, not financial resources available at the age prospective students are considering college enrollment. The disincentive effects of college tuition on college attendance are dramatically weakened when ability is entered into an analysis of college attendance. When family background, as measured by parental education, is introduced in place of measures of cognitive ability, similar findings result.

An important study by Jeanne Brooks-Gunn of Columbia and Greg Duncan of Northwestern demonstrates that the income available to the family when the child is young determines a child's schooling attainment, not family income at later ages. Their analysis suggests that long-run factors, not

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short-term borrowing constraints, explain the disparity in levels and trends between majority and minority college attendance. Programs like HOPE scholarships that operate late in the life cycle are likely to be ineffective in promoting college attendance and wasteful of public funds.

The main feature of the HOPE program is a tax credit of up to $1,500 for two years of college. The estimated enrollment response to the HOPE program is a 4.2 percentage point increase in two-year enrollments and a 0.9 percentage point decrease in four-year enrollments. Most of the response to the program will come in enrollment in two-year schools. At least 91 percent of the total expenditure of this program will be spent on people who would enter college in the absence of the program.

But what about other policy proposals to promote skill formation? Do they have better empirical foundations than those based on short-term credit constraints?

Do class size and money matter?

State and local governments heavily subsidize primary and secondary education. Virtually all direct operating costs are completely subsidized through high school; only the opportunity cost of the time that students spend in school, rather than at work, remains unsubsidized. Many have questioned whether the amounts spent are adequate. Should teachers be paid more? Should class sizes be reduced?

Many policy makers and politicians claim that class size reductions promise big gains in test scores. (Test scores are commonly used as a measure of the success or failure of educational reforms.) Yet the link between test scores and later outcomes is at best weak, especially in the early years of schooling. Fortunately, in recent years, a series of studies have appeared that link measures of schooling quality to measures of lifetime earnings and occupational achievement. From this literature, there is a growing consensus that within current ranges of expenditure, measured inputs such as class size and spending per pupil have little, if any, effect on the future earnings of students.

Even if we take the most favorable estimates from this research and combine them with the best-case scenario re-

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garding the costs of raising school quality at the secondary level, increasing spending per pupil is not a wise investment. In fact, the available evidence indicates that we may be spending too much on students. For example, let's take the liberal estimate of a 2 percent increase in future earnings for a 10 percent rise in per pupil spending: This yields a negative net return for such expenditure increases for all schooling levels when benefits are weighed against costs. For high-school graduates, the net loss is about $3,800; for college graduates, the net loss is over $4,400. Unless the same increase in spending raises future earnings by 5 percent or more per year—a number far higher than shown by any study—the financial costs of raising school quality through increased spending far outweigh the returns. In order to justify additional spending on primary and secondary schools, we would need to appeal to social benefits not captured by earnings.

What about the effect of reducing class size on the test scores of primary-school children? When Eric Hanuschek of the University of Rochester examined the widely celebrated STAR program, he found little evidence that it benefited children, except for those in kindergarten. His analysis of the STAR program supports the case for certain kinds of early interventions (which I will get to momentarily), but not a wide-scale reduction of class sizes for all ages.

Such evidence does not prove that school quality does not matter—surely, it does. We know that if we increase quality from very low levels, it matters greatly. But the evidence does not indicate that marginal improvements on current levels of school quality will be effective. Pouring more funds into schools to lower class sizes by one or two pupils, or to raise spending per pupil by a few hundred dollars, will not solve the problems of our primary and secondary schools. While the effects of quality vary across environments, and additional funding for some schools may be justified, more fundamental changes are required if we hope to see a significant improvement in our educational system.

The benefits of competition and incentives

It is widely perceived that American primary and secondary schools are failing. And by many measures, they are. American

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high-school students do very poorly on standardized achievement tests compared to students from other nations. Then there is the slow growth in achievement test scores. And, in the recent past, there have been periods of declining scores in the face of rising real per pupil expenditures. As a nation, we are spending more and more on public schools and apparently getting less and less.

In contrast, consider the American college system. Students from around the world flock to the United States to study in our colleges and graduate schools—yet our secondary schools are second rate. How can we reconcile the apparent contradiction of mediocre high schools and great colleges?

The answer lies in the way public schools are currently organized. Public school systems are local monopolies with few competitors. The American high-school system is a creation of the twentieth century and is a world unto itself. Within it, an artificial adolescent culture that discourages academic achievement flourishes, as the sociologist James Coleman showed 40 years ago. Principals and teachers have few incentives to provide students with useful knowledge, or any knowledge at all. Accountable to no one, because it is not easy to monitor them, teachers are often unresponsive to the changing demand for skills or to market realities that will confront their students when they leave school. One valuable source of information—parental and student perception of the qualities of teachers and schools—is rarely used. Educational technocrats dismiss such evaluations as "subjective" and unreliable. And the parents and students in these schools have limited ability to act on valuable private information about bad teachers and schools. Poor families especially have only limited ability to choose alternative teachers and schools.

An emerging body of evidence indicates that competition and choice does improve the quality of schools, as measured by test scores and by parental and student satisfaction. Contrary to the view that competition siphons resources away from the public sector, Caroline Hoxby, a professor of economics at Harvard, has demonstrated that when public schools are subject to greater competition, both from parochial and other private schools, the performance of all schools increases. And thus higher levels of achievement are produced at lower cost.

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Meanwhile, the economist Derek Neal of the University of Wisconsin has demonstrated that the higher achievement scores of Catholic school students compared to public school students is largely a consequence of gains registered by inner-city students who choose Catholic schools over inferior inner-city public schools. (In the suburbs, where districts are smaller and competition among school districts is more intense, the Catholic schools have little advantage over the public schools, and the performance of both school systems is higher than in the centralized inner-city schools.)

Everywhere it has been investigated, the effects of competition in education and training (and in virtually every other sector of life) are found to be beneficial for the students and trainees. For example, the celebrated German Apprenticeship System has been recommended as a model for the United States. That system gives high-school-age students the choice of integrating work and learning as an alternative to strictly formal academic education. When stripped to its essentials, the German system differs from the U.S. public school system in several crucial ways: First, it breaks down the artificial separation between the world of work and the world of learning; second, it gives students and the firms that apprentice them choice among a variety of learning situations; and third, it motivates students to perform well in order to secure the most desirable apprenticeships, while motivating firms to provide valuable training opportunities. The high level of competition among firms offering apprenticeships and among students is a major source of the German system's success.

Once it is recognized that the public schools, especially inner-city public schools, are a virtual monopoly, while the U.S. university system is highly competitive, the mystery of the poor performance of the former, and the great success of the latter, vanishes. It is remarkable that, in a society as committed to consumer sovereignty and choice as ours, there should be so much resistance to choice in education. The conventional argument of the educational planners is that parents and students are not able to make wise choices. But all the evidence points in precisely the opposite direction.

Consider for a moment recent research suggesting that the early years of childhood, prior to schooling, are crucial for

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later success in schooling and life. It is parents who shape the environment of the preschool years, and, in most circumstances, we rightly trust them to do so. Yet, the logical extension of the paternalistic argument that parents cannot make wise choices in schooling would be that the state should play a more active role in the preschool life of the child—a position few would be willing to accept.

While I reject the paternalistic argument for most children, such interventions may be appropriate for some disadvantaged families. If we are to violate the principle of consumer sovereignty anywhere in the life cycle of learning, the case for doing so is strongest at the infant and preschool stage, at least for some. In fact, the evidence backs such interventions.

Invest early

Recent studies of early childhood investments indicate that the early childhood years are important for learning and can be beneficially manipulated. Moreover, early-childhood interventions of high quality have lasting effects. Disadvantaged, subnormal IQ children randomly assigned to the Perry Preschool program, one of the early childhood programs that has been most studied, were administered intensive treatment at ages four and five. Treatment was then discontinued, and the participants were followed over their life cycle. (They are now about 35 years old.) The evidence indicates that those enrolled in the program have higher earnings and lower levels of criminal behavior in their late twenties than do comparable children randomized out of the program. Reported benefit-cost ratios for the program are substantial. Measured through age 27, the program returns $5.70 for every dollar spent. When returns are projected for the remainder of the lifetimes of program participants, the return on the dollar rises to $8.70. A substantial fraction (65 percent) of the return to the program has been attributed to reductions in crime.

Another program, the Syracuse Preschool program, provided family development support for disadvantaged children from the prenatal stage through age five. Reductions in probation violations and criminal offenses 10 years later were as large as 70 percent among children randomly assigned to the program. Girls who participated in the program also showed greater

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school achievement. Studies of early-intervention programs have found short-term increases in test scores, less grade retention, and higher high-school graduation rates among enrolled children. Of those studies that examine predelinquent or criminal behavior, most have found substantially lower rates of deviant behavior among program participants.

These programs achieve their success more by affecting the motivation and noncognitive skills of participants than boosting IQs. Yet these enhanced noncognitive skills help children to adapt to society's norms, promoting a variety of beneficial behavior down the road, such as lower crime, greater educational attainment, and reduced participation in welfare. Evidence of success in the larger Head Start program is less clear. But the program is quite heterogeneous, not to mention less well funded than the Perry Preschool program. Janet Currie and Duncan Thomas, professors of economics at UCLA, found short-term gains in test scores for all participating children; however, most of those gains decayed quickly for African-American children. They concluded that either differences in local program administration or in subsequent schooling quality are at the root of the contrary outcomes for black and white children. In fact, the schools attended by the Perry students after the program was over were of higher quality than those attended by the typical Head Start student. Significantly, however, similar declines in test scores were found for programs like Perry Preschool, though their long-term evaluations are quite favorable. The fade-out effects in test scores do not imply that long-term beneficial effects of Head Start are not present; Head Start may improve the lifetime prospects of its participants, despite yielding only short-term gains in test scores.

However, Head Start may have smaller long-term impacts than more intensive programs. Studies of Head Start's impact on special-education placement and grade retention have produced fewer dramatic results than have been achieved from smaller demonstration projects. This is not surprising given the much lower spending per child and lower quality of service provided by the Head Start program. Unfortunately, there are no reliable long-term evaluations of the Head Start program that link interventions to conventional socioeconomic

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outcome measures like occupations and earnings.

The weaknesses of Head Start can be attributed to its shorter period of intervention, lower intensity, and less qualified staff than is typical of more ideal programs. With Head Start, as with most other things in life, you get what you pay for. For example, children enrolled in the Perry Preschool program received high quality full-time preschool services for one to two years (most received two years), and their parents benefited from weekly home visits by their children's teachers. In contrast, Head Start offers a much lower quality (and lower paid) staff, only part-time classes for children, and limited opportunities for parental involvement. Improvements in Head Start, proponents argue, would produce effects closer to those observed in more successful small-scale programs. Given the potential for success, more studies of the long-term impacts of various types of small-scale and broad-based early intervention programs are certainly warranted.

The more successful preschool programs intervene in the lives of the child *and* the parents, cultivating improved parenting skills and enhanced labor-force activity by parents. In this way, they create a permanent change in the home environment, reinforcing the early intervention received by the child. Head Start does not attempt to alter family behavior, and so its effects may be more transient. Provocative calculations recently published by John Donohue of Stanford Law School and Peter Siegelman of Yale Law School indicate that if Perry Preschool-type programs were developed for high-risk, disadvantaged minority male youth, the substantial costs of these enriched programs would be more than repaid by the expected savings in incarceration costs alone.

Private training vs. public training

I will now turn to the other end of the lifecycle of skill formation: job-training programs for adults. Because of a lack of data, and a bias in favor of the funding of studies of government training, the returns to private-sector training are less well understood than the returns to public-sector training. Many studies find that the effects of private-sector training are considerable. In comparison with studies of public-sector training, most of these studies do not attempt to con-

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trol for the effect that more able persons are more likely to take training; and thus, estimated rates of return to this activity would overstate the true returns to training by combining them with the returns to ability. In other words, part of the measured returns may be due to more motivated and able persons taking the training. But, even adjusting for this, returns to private-sector training are substantial. Estimated initial returns range from 10 percent to 20 percent—a good investment by any measure.

An important feature of private-sector training is that the more skilled do more investing even after they attain high skill levels. To the extent that effective training can be produced on the job, it is produced in the private sector, not in the public sector. The best hope of getting reasonable returns from job training is to encourage private-sector investment. Firms are also more sensitive to changing market demands for skills than are government bureaucracies.

It is important to note, however, that private-sector training typically excludes low-skilled persons. Firms can be exclusive in a way that government training programs for disadvantaged workers cannot be. The lack of interest of private firms in training disadvantaged workers indicates the difficulty of the task and the likely low rates of return to this activity. Public-sector training programs are an inefficient transfer mechanism and an inefficient investment policy for adult workers with few skills.

Recent studies of "learnfare" and "workfare" programs provide the relevant evidence. An evaluation of two Wisconsin programs is of interest, especially given the claims made for their success by Governor Tommy Thompson. One program, the Community Work Experience Program (CWEP), required mandatory participation in unpaid community-service jobs for nonexempt AFDC participants. A second program, Work Experience and Job Training, provided AFDC clients with assessment, job-search activities, subsidized employment, job training, and community-work experience. Participants who failed to find employment after completing their education and training were also required to participate in CWEP jobs.

Using randomized trials for one county and nonexperimental methods for the rest, John Pawasarat and Lois Quinn at the

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University of Wisconsin, Milwaukee, found that these programs had no effect compared to existing program alternatives. The reduction in AFDC participation that is widely cited as a consequence of these programs is essentially due to the improvement in the Wisconsin economy during the time the programs were in place. These results are disappointing but consistent with previous studies of the efficacy of such programs by the Manpower Demonstration Research Corporation. Mandatory work-experience programs produce little long-term gains in employment or earnings. No cheap training solution has yet been found that can end the welfare problem. Lifting a welfare woman out of poverty by increasing her earnings by $5,000 per year ($100 per week) will cost at least $50,000, assuming a wildly optimistic 10 percent rate of return to the investment. There is no "quick fix" or low-cost solution to the welfare problem, and politicians who promise otherwise are deluding themselves and the public.

The fact is that policies that seek to alleviate poverty by investing in low-skill workers conflict with policies that raise the wealth of society at large. Taking the available evidence at face value, the most economically justified strategy for improving the incomes of the poor, especially low-ability low-skilled adults, is to invest more in the highly skilled, and then to tax them and redistribute the tax revenues to the poor.

However, because many people view the work ethic as a fundamental value, they argue that cultivating a large class of transfer recipients would breed a culture of poverty. If value is placed on work as a necessary aspect of individual dignity, then society may be prepared to subsidize inefficient jobs. But it must be emphasized that *job subsidies* are not the same as *investment subsidies*. The evidence strongly suggests that investing in low-skilled, disadvantaged adult workers makes no economic sense. Wage subsidies offer a more efficient alternative for raising their incomes. The economist Edmund Phelps has argued this point in a recent book. Both Phelps and economist Lance Lochner argue that by encouraging work, rather than unemployment and crime, wage subsidies may also provide social benefits that extend beyond their impact on individual earnings.

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Sensible policy

Most policy makers today assume that formal educational institutions are the major producers of skill. In truth, families and private firms are equally important, if not more important. Noncognitive skills fostered by functioning families are essential for success in life. The conventional wisdom also ignores the life-cycle nature of learning and the current high level of subsidy to education. The relevant question today is whether these high subsidies should be increased further, not whether there should be none at all. Certainly, the evidence does not indicate that further subsidies to college education are warranted. The disparity in college attendance between the poor and the middle class is not the result of cash constraints operating on poor children in their teenage years. Since the problem is to be found early in the life cycle of learning, throwing additional money at public schools will not improve performance. The problem in public education is primarily due to muted incentives, not to inadequate resources.

Politicians and the public must come to recognize the importance of informal sources of learning, the value of noncognitive skills, the cumulative character of learning, and the value of incentives in formal education. Only then will we be on our way toward crafting policies that promote the formation of skills suitable to a modern economy.

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Debating WIC

LEIGHTON KU

IN their critical review of the Women, Infants and Children (WIC) nutrition program ("Is WIC As Good As They Say," *The Public Interest*, No. 134, Winter 1999), Douglas J. Besharov and Peter Germanis conclude that WIC is less effective than commonly believed and that the research evidence is flawed. They suggest various ways to restructure the program in fashions more to their liking, although they offer little evidence that their proposals are feasible or would be more effective. I appreciate the spirit of constructive criticism brought by Besharov and Germanis, but I disagree with many of their conclusions.

Let me begin by observing that Besharov and Germanis's article is incomplete and stilted. Public-health research about the WIC program has been amazingly fertile. A brief search of scientific papers published in health journals collected by the National Library of Medicine found more than 200 published studies concerning WIC, and there are other excellent papers in public-policy or economics journals, as well as unpublished reports. Despite its relatively small size, WIC has been one of the most thoroughly studied federal programs. Researchers have investigated WIC's effects on: birth weights, infant mortality, reductions in Medicaid expenditures, nutrient intakes, children's cognitive development, immunization rates and use of health services, childhood anemia, and breastfeeding rates. Many of the most interesting papers are not rigorous evaluations but reports of field studies or descriptive analyses that help us look at questions just like those that Besharov and Germanis raise: how to improve breastfeeding rates and nutritional counseling, and how to use WIC to improve immunization rates or to coordinate WIC with home-visit programs.

Much of their paper discusses flaws in studies about whether WIC improves birth outcomes. They note methodological problems, like selection bias in many of the studies, but fail to note

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that Jack Metcoff of the University of Oklahoma and his associates conducted a randomized experiment to determine how WIC affects pregnant women's birth outcomes. This study, published in 1985, found that WIC increased birth weights by an average of 91 grams and meets most of their methodological objections.

Growth in the program since then has made it ethically impossible to replicate this randomized study, but most subsequent studies, conducted using a plethora of data sources, statistical methods, and outcome measures, generally reach the same conclusions—that WIC helps low-income pregnant women bear heavier, healthier babies. Come on guys, how long do we have to study something to conclude reasonably that it works? Are you acting like the fringe groups who wonder whether smoking tobacco really causes lung cancer?

BESHAROV and Germanis also understate the strength of the evidence. For example, they note that Ray Yip and his colleagues at the Center for Disease Control (CDC) found that decreasing anemia among WIC participants could be caused by a secular decline in childhood anemia. What they do not mention is that the CDC also found that fewer WIC children were anemic between the time they first entered the program and recertification, usually six months later. These specific and rapid improvements could not be caused by general secular changes and almost certainly are due to the iron-fortified foods in the WIC food package. These clinical findings are consistent with results from the National WIC Evaluation and those from Donald Rose of the Economic Research Service of USDA and his associates, indicating that WIC children consumed more key nutrients, including iron. While there have not been definitive, randomized studies for children, the research findings are consistent and compelling.

Equally important, WIC can improve children's health by boosting immunization rates. Because WIC is typically located in health clinics and serves millions of low-income children, it is well-suited to promote immunization. Mothers and their young children must regularly come to WIC clinics to be certified or to get food vouchers. The National WIC Evaluation found that children participating in WIC were more likely to be immunized than nonparticipating children. Several recent studies, including two published in the *Journal of the American Medical Association*, showed how changes in WIC program operations can further increase immunization rates. State and

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local WIC clinics have also formed partnerships with Vaccines for Children, Medicaid, and local maternal and child health programs to reinforce preventive health care for children. By increasing immunizations, WIC can indirectly reduce the incidence of preventable diseases like measles.

Other aspects of the WIC program have been less thoroughly studied. But contrary to Besharov and Germanis's assertion that they are unveiling a secret hidden from the American public, these gaps have been well-known for a long time and publicly discussed by the General Accounting Office, the National Academy of Sciences, myself, and fellow researchers like Barbara Devaney of Mathematica Policy Research. And we have made steady gains in our understanding of the program; the U.S. Department of Agriculture, which administers WIC, has long funded research about WIC. Do I wish for more and better evaluations? Of course. I would love to see more research about the effects of participation in WIC during childhood and whether the current program design provides the best package of benefits. However, I realize that rigorous studies are difficult to design, cost a lot, and take many years to complete. The fiscal reality is this: Research budgets are limited, and evaluation studies must compete for resources with other priorities.

WHILE the research evidence about WIC's effectiveness is not perfect, it is hard to think of any public program with so consistent a body of positive research findings. Further, the federal government continues to invest in research to better understand and strengthen the program. No doubt this strong research record accounts for the program's popularity. But the program also receives high marks for its design. Steering a middle course between the problem of entitlements and the inherent vagueness of block grants, WIC is a federal program that allows for local and state administration. This has satisfied WIC's state and local managers, allowing them to be creative within a framework of broadly shared goals and a time-tested program structure.

One good example of state or local innovation is WIC's infant formula rebates, in which competitive bidding reduces the price of WIC infant formula. Typically, the rebates amount to 80 percent or more of the price of formula, collectively saving more than $1 billion annually. The rebates began as state initiatives and have become one of the best examples of the power of competitive bidding within government. Linking

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WIC to immunization efforts is another example of creative local initiatives.

WIC incorporates principles shared by conservatives and liberals. It seeks to prevent problems, not just cure them. It strives for efficiency and cost-containment in operations. It fosters family responsibility by teaching parents how to improve their children's diets, as well as by providing healthy food directly. It is not an unlimited handout but provides specific benefits during a critical stage in a child's development. Finally, it permits creative collaboration between program directors at federal, state, and local levels.

BESHAROV and Germanis suggest that WIC should have even more flexibility and that paying for additional services by providing fewer people with food benefits would be the right thing to do. In particular, they propose that WIC should try home visits for pregnant women, based on a model developed and tested by David Olds at the University of Colorado. There are indeed many proven merits to home-visit programs, but I am not sure that paying for the entire range of home-visit services is WIC's mission. Many other programs are better suited to financing non-nutrition-related services for pregnant women, including Healthy Start, Title V Maternal and Child Health Block Grants, Title XX Social Services Block Grants, and Medicaid. Providing WIC nutrition services through home visits, in coordination with other programs, is an attractive idea, but this is already permitted under current program rules.

Flexibility for state and local programs is important but does not, by itself, guarantee success. The Healthy Start program gives communities great autonomy to design and implement projects to improve birth outcomes, including home-visit programs, but preliminary, interim evaluations have been disappointing. Does it make sense to divert resources from WIC's relatively well-proven model toward one yielding inconclusive results to date?

Besharov and Germanis apparently believe that WIC provides food to too many mothers and children. For example, they complain that almost half of the infants in the country get WIC benefits. What they do not mention is that there is an alarmingly high level of poverty and near poverty among American families with young children. Mothers with infants are often unable to work full time and, even when they work, often have low-wage jobs. To qualify for WIC, a family of four must generally have an annual income of about $30,000 or

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less, which most of us would agree is a relatively low income. The main reason that almost half the nation's infants receive WIC benefits is that, sadly, about half the babies are in poor and low-income families.

Without WIC, a low-income family would need to spend more than $1,000 a year to feed its baby and purchase the infant formula and other fortified foods provided by WIC. Few low-income families can afford to spend this much on their own. WIC ensures that these babies have nutritious foods available. In addition, competitive purchasing allows the government to purchase these foods at a fraction of the market cost. Rather than revealing a program run amuck, the high participation of infants in WIC signals a successful government policy that helps ensure the nutritional status of millions of low-income infants.

Overall, however, it has been estimated that only about 80 percent of those eligible for WIC (including women and preschool children) are able to get benefits. More health and social services for the mothers and children most at risk are urgently needed, but many other programs can provide these services, along with WIC. Let's be sure that we have utilized all the resources to their utmost and coordinated programs' efforts, before we propose taking food away from low-income women and children.

Besharov and Germanis have raised many provocative issues, and I hope that this stimulates a constructive discussion of ways to improve services for low-income mothers and children. But I have read the research literature, and I remain confident that WIC is effective and well run. We can and should refine the WIC program to improve the health of low-income mothers and children, but let's not forget program fundamentals.

A reply

DOUGLAS J. BESHAROV AND PETER GERMANIS

IN his response to our article, Leighton Ku, a careful researcher and a self-described advocate of the Women, Infants and Children (WIC) program, demonstrates what is so sadly wrong about the public-policy debate these days: Eager to defend or expand a social program, advocates and politi-

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cians trumpet favorable research findings to claim that the program "works." Often, they assert that the program actually saves public money by preventing other social problems or expenditures. Never mind that the assertion is questioned by unbiased experts in the field and that, even if true, the impact is insufficient to make a real dent in the underlying problem.

As evaluation studies have proliferated in recent years, so have such advocacy-oriented research claims. Probably the best example concerns Head Start. Research on the Perry Preschool Program dating back to the 1960s suggested that early-childhood education programs can substantially affect children's later lives, in areas such as school drop-out rates, criminal behavior, out-of-wedlock teen births, welfare dependency, and unemployment. Advocates claimed that the program saved from $3 to $7 for each dollar spent. To deal with the fact that the Perry Preschool Program only vaguely resembled Head Start, they often loosely attributed this cost-benefit to "Head Start-like" programs. Since most of us believe that a child's upbringing matters, such evaluations were widely accepted. But no other rigorously evaluated, early-childhood program has had even remotely similar results (sharply undermining even the Perry Preschool results). Even those programs that report initial, impressive improvements in children's performance conclude that these gains "fadeout" over time.

Most recently, the federal government mounted the Comprehensive Child Development Program (CCDP), a five-year, $125 million early-intervention program at 24 sites. Despite an average annual investment of $15,768 per family (above and beyond welfare payments, food stamps, Medicaid, housing, etc.), the children who received the services had outcomes that were little different from those who did not.

Family-preservation services are another example of an oversold social program. Again, the idea makes sense: Use intensive rehabilitative and supportive services to improve parenting so that children do not have to be removed from home and placed in foster care. And again, out-sized results from one or two early studies were used to justify a massive federal program—in this case, the Family Preservation and Support Program, funded at almost $1 billion for its first five years. The ink had not yet dried on the new law before other, more carefully designed studies deflated claims that each dollar spent on family preservation services would save $5 to $6 in foster care and other expenditures.

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ONE could provide many other examples and, in effect, our article simply added WIC to the list of programs whose exaggerated impacts should be brought down to earth. We made several broad points: There is a widespread and bipartisan belief that WIC is a tremendously cost-effective program. The most common claim, to quote a 1997 speech by Agriculture Under Secretary Shirley Watkins, is that "for every dollar spent in WIC benefits, three dollars are saved in Medicaid dollars." And in 1998, an editorial in the *Washington Post* asserted that "repeated studies have shown that the program saves far more in health care costs than it spends." Such claims are simply untrue. The relevant research applies to only a small subset of the WIC caseload—pregnant women. Moreover, most of the research upon which the costs and benefits are calculated are plagued by unresolved problems of self-selection and simultaneity bias. The widely proclaimed results are, in other words, at the high end of possible impacts.

Nevertheless, some parts of the WIC program undoubtedly make a difference in the lives of low-income women and children. Here is exactly what we said:

> WIC for pregnant mothers has perhaps zero to substantial impacts on infant mortality, prematurity, and birth weight. But the rest of the program (for infants, children, and postpartum and breastfeeding mothers) has small to modest impacts on anemia and nutrient intake. There is also a glimmer of evidence that WIC's beneficial effects are concentrated among the most needful recipients.

The priority should be to learn more about what in WIC improves the health of low-income mothers and their young children—and what doesn't. Thus, and most important, we did not argue that WIC should be defunded, or even cut back. Instead, we proposed that: (1) more WIC resources should be targeted on the most needful families; (2) counseling services should be intensified—and made more directive; (3) states should be allowed to exceed federal limits on spending for WIC services; and (4) alternative service configurations should be tested. Moreover, we cautioned that these ideas "are untried and, therefore, should be carefully evaluated." Hardly a radical set of proposals.

Yet Ku says that our review is "incomplete and stilted." He says we ignored hundreds of studies, but, as he notes, most are of highly questionable validity ("not rigorous evaluations," are his words)—and are ignored in most research syntheses.

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Significantly, Ku does not defend the benefit-cost estimates we criticize, nor does he assert a particular statistical impact for the program. The plain truth is that no one knows how much difference the program really makes. As recently as 1994, Ku and other researchers at the Urban Institute concluded: "More research is needed on the effect of WIC participation for children [over half of all WIC recipients], given that this is the group that will grow most under full funding."

So far, of course, exaggerating WIC's impact has helped fuel the program's expansion. In the last 10 years, the number of WIC recipients has more than doubled. Last year, the bill reauthorizing WIC sailed through the House of Representatives by a vote of 383 to 1. But just as the public and politicians have, over time, gained more nuanced understandings of Head Start, family-preservation services, and a host of other once-favored programs, so too will they eventually acquire a more realistic view of WIC.

In the meantime, the problems that it and other social-welfare programs are meant to address remain and fester. Hence, rather than try to counter Ku's comments, we prefer to underscore the broader sociopolitical tendencies that they reflect.

Circle the wagons, thereby preventing programmatic improvement. Ku's real complaint is not that we have misstated the evidence of WIC's effect but that, if accepted, our view of the research evidence would undercut public and political support for the program. That is a valid concern. But obscured by rhetoric that WIC "works" are potentially life-saving questions about how to improve it and thus the well-being of possibly thousands of underprivileged children. Sound policy making requires that programs be continually evaluated and, when necessary, their services reoriented or, at least, refined.

Demonize skeptics, thereby avoiding the need to address their concerns. Although we appreciate the general tone of Ku's response, at one point he accuses us of "acting like the fringe groups who wonder whether smoking tobacco really causes lung cancer." In case there is any question: Yes, we think smoking causes lung cancer in many people. But some long-time smokers escape serious harm. Similarly, WIC benefits many, but surely not all, participants. At another point, Ku says that our proposal would be "taking food away from low-income women and children." Honest, we don't want anyone to go hungry. We just want to help those who most need the WIC program.

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Blame insufficient funding, thereby excusing inadequate theory and poor implementation. When forced to acknowledge a program's weaknesses, the advocate's first riposte is that not enough money is being spent on it. By many estimates, the cost of full-day, full-year Head Start now exceeds $10,000 per year, compared to the average of about $6,000 spent by middle-class families for equivalent hours of child care. Higher funding may improve services, but often the services are simply irrelevant to the family's problems or are so poorly managed that they have little impact. (Remember the $15,768 per family spent by the unsuccessful CCDP.)

Include the middle class, thereby creating an ever-larger constituency for government spending. As we point out, about 50 percent of all newborns qualify for WIC, as do 25 percent of children aged 1 to 5. Ku attributes this to "an alarmingly high level of poverty and near poverty." But income eligibility for WIC, one of the most generous of federal public-assistance programs, reaches to families of four with incomes up to $30,000 a year. One wishes these families had higher incomes but to call them "poor" is simply wrong. (In 1997, the median income for all American families with children was $43,545.)

Don't trust the states and localities, thereby reducing programmatic responsiveness and stifling innovation. In the 1930s, the federal government helped states because they needed additional funds; but, in the aftermath of the civil-rights struggles of the 1960s, federal involvement was increasingly motivated by a corrosive mistrust of the states. The welfare reform of 1996 was a major step in the other direction, but most federal programs still mandate the specifics of state implementation in excruciating detail. America, however, is a diverse, continental nation. What works for New York City may not work for Albuquerque. More importantly, centralized planning did not work for the Soviet economy, and it has not worked for American social-welfare services. At any given time, there are a multitude of promising ways to address child poverty, inadequate nutrition, and child maltreatment. Limiting the states to a single, centrally funded approach has foreclosed the marketplace of ideas that should characterize a federal system.

EACH of these points, of course, challenges conventional social policy, at least as it has been conducted since the 1960s. Recently, we have seen crime decline, probably because

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of improved policing, rather than because of public-jobs programs. Similarly, out-of-wedlock births have declined, probably as a result of more conservative attitudes, rather than the free distribution of contraceptives; and welfare rolls have declined, probably because of work expectations and the end of the entitlement mentality, rather than through job training. If social programs are to succeed, they must be open to reconsideration and reorientation. We hope that raising these points does not mean we are "acting like a fringe group." Indeed, we hope there is an emerging majority that favors a more open-minded and candid discussion of America's pressing social problems.

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An American tragedy

ALVIN KERNAN

RACISM is the original sin of American society, and no matter how a millenarian society centered on equality attempts to ameliorate it or, better still, eradicate it, it remains, a baffling and ugly fact. Slavery, the Missouri Compromise, John Brown, the Civil War, Jim Crow, the Great Society—still racism is there, and nothing makes it go away.

Since the heroic death of Martin Luther King and the freedom movement of the 1960s, America has been engaged in another great effort to right the wrongs of its past treatment of blacks. "Affirmative action" may be taken as the covering term for a vast social effort that ranges from aid to dependent children and welfare, to racial preferences in college admissions, job hiring, and the granting of contracts, to social scientists who would "prove" that intelligence tests, in which blacks do not score as well as whites, are racially biased.

For the most part, the public voices we hear on this issue are white and liberal. They largely tell us that America has turned its back on its shameful history of racism, and that progress is being made in all areas, not only as a result of government intervention and financing but by a change of heart everywhere. The former presidents of Princeton and Harvard, William G. Bowen and Derek Bok, in their book, *The Shape of the River*, for example, demonstrate that affirmative action in higher education has created a black middle class that is not only prospering but contributing to the public weal. So attractive is the book's message that the *New York Times* commended it in an editorial. Statistics tell us that black income is rising. A black novelist, Toni Morrison, wins the Nobel Prize. Black athletes and entertainers are getting rich. Advertisements—an important component of American "reality"—now feature blacks as figures of authority and "role models."

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IT is a tough problem, but we are getting somewhere at last, say the traditional American voices of optimism and activism. But Shelby Steele, a black intellectual and research fellow at the Hoover Institution at Stanford University, is not buying it. In his recent book, *A Dream Deferred, The Second Betrayal of Black Freedom in America*,† he argues that "affirmative action" is a great sham. America, so goes his interpretation, has slavery and racism on its puritan conscience, and, unable to endure the guilt for past sins, it constructed "affirmative action" to restore its feeling of virtue. The policy relieves the American conscience of its guilt and restores its "moral vanity" but really changes nothing. It is only another instance of "our general willingness to have the glib, 'innovative' idea stand in for principle and difficult struggle."

Steele is not merely commenting on the smug hypocrisy that always hangs about good causes. He considers affirmative action to be "the second betrayal of black freedom in America," slavery being the first. The present attempt to help blacks continues to assert their inferiority, functioning to the same end, though far more generously and subtly, of course, as Jim Crow and even slavery itself. In accepting the responsibility, Steele argues, for what it has done to blacks in the past, affirmative action turns those blacks into "victims," an inferior race that is not responsible for either its own past sufferings or its present problems. It is white society that is responsible, white society that makes things go, not the black individual. Do poorly in entrance exams to college—it is the fault of deficient early education. Do badly in early education—it is the fatherless family, or the drug-taking mother, or the cruel ethos of the street gangs that is responsible. Do poorly anywhere, and it is the heritage of oppression that is to blame.

In this way, liberal America cultivates in black people themselves a feeling of inferiority and insufficiency in contrast to the "white masters" who make things happen on their own. And, as blacks come to think of themselves as victims of white society, they lose, according to Steele, the cutting edge of their suffering. They blame others rather than themselves, thus failing to take the self-preserving actions that suffering should generate in the sufferers. "This is intolerable, we must do something to get out of this situation," is what Steele wants blacks to say. But instead they ask for reparations, and America acts in bad faith, vitiating its own most fundamental prin-

† Harper Collins Publishers. 185 pp. $24.00.

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ciples, such as equality, to provide them in the form of affirmative action. Witness the O. J. Simpson case!

Still, there is no great harm in being misguided do-gooders, a trifle naïve perhaps, but still warmhearted and caring. Yes? "No," says Steele, who finds behind affirmative action a concealed desire not only to establish white superiority but also to assert the moral authority of the reformers. Surely, not everyone will see affirmative action as a covert bid for political dominance, but it will be hard for even our most zealous reformers to deny altogether that they harbor a desire "to repeat history, to have whites take agency over black life and use it for their own ends." And those ends are, according to Steele, mostly forms of power.

In the reform movement that began in the 1960s, "power was literally lying around like money on the ground, for anybody to pick up." Wherever Steele looks, he sees people who do not solve problems but use them. This happens not only in connection with race but in all the many areas where guilt is involved and where the reformer absolves himself of guilt, asserts his moral superiority, and claims authority by blaming others for the wrongs that the reformer is struggling to remedy.

> Affirmative action is like the many other areas where politics uses rather than cures problems: we don't simply go to work on environmental problems, we show ourselves to be redeeming America from a history of cruel imperviousness toward the environment. We don't simply enforce reasonable sanctions against the sexual harassment of women; we redeem society from the shame of male boorishness. We don't correct obvious problems so much as try to establish our innocence in relation to them. Today even diseases like AIDS and breast cancer, which affect groups with historical grievances against the United States, can trigger the contingencies that lead to special interventions (like more research money), which in turn allow America to redeem itself from the "indifference" or "prejudice" through which it no doubt "structurally" contributed to the disease.

STEELE'S analysis of affirmative action cuts deep and, I think, to the center. He cannot prove his case with statistics, does not even try, but he catches perfectly and explains persuasively the hypocrisy and self-serving qualities that seem always to hover around liberal social programs—some unspoken truth that everyone knows and no one says. Whoever is able to establish moral authority vis-à-vis some "outrage" grasps the power to lead and to do what they will.

But surely there are those who act out of genuine purity of

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heart, most of us would say. Or, if not, can we usefully invoke, as Steele does implicitly, the hard Calvinist doctrine that the heart of man is so corrupt that out of it no good can proceed? I think not. We cannot live with it. Besides, motives remain a mystery, and it is impossible to say with any certainty who is acting out of self-interest and who out of genuine altruism, or some mixture of these.

But if all attempts to reform are corrupt, then what can be done to make things better? Are we merely to sit on our hands and hope that matters will turn out well in time? They will not. And Steele would not have us sit still. We must try to do the hard things that will actually change what is wrong. If black students fail to read adequately, don't teach remedial courses in college, don't change the method of scoring, don't argue that blacks have their own language, "ebonics." Turn instead to the gritty work of teaching them to read well. Insist that black students take personal responsibility for their own problems and seek their own solutions.

A distinguished black intellectual like Steele, and others like him, understandably feels particularly insulted by programs and attitudes that assert his historical, if not innate, inferiority. Witness Clarence Thomas desperately trying to explain not to whites but to other blacks that he is a free man with his own views, not just another black victim of racism seeking reparations. The sensitivity of black intellectuals to affirmative action's hidden aspects gives unique urgency to their solutions. But, in the end, though our hearts go out to them, their rejection of affirmative action and its hidden agenda is another chapter in the continuing tragedy of American racism which they act out for all to see.

TRAGEDY is not a word or a concept that means very much in America. The term ordinarily refers to any unhappy event such as a flood or a death. But the deeper meaning that the humanistic tradition once supplied through tragedies like *Oedipus Rex, King Lear, The Brothers Karamazov* is neither much known nor widely wanted. The classic definitions of tragedy—Aristotle's pity and fear, Hegel's dialectic of the old moral right and the new, Nietzsche's struggle of the Apollonian with the Dionysiac—show every attempt to make things better only making them worse. In tragedy, humanity is tangled in a net in which every effort to get free only tightens the web around it, and every attempt at bringing the curse to an end only intensifies it. *A Dream Deferred* puts affirmative action in

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this tragic perspective. The liberal dream of righting the wrong of racism and ending at last its long and shameful history is revealed by Steele as only another more subtle form of racism, another form of the *libido dominandi* that lies below slavery and racism in the first, and last, place.

The contemporary world knows these tragic places well, though it refuses to call them by their right name. Their distinctive marks are familiar: rights that become wrongs, attempts to help that only make things worse, an unending tangle that no amount of suffering will bring to an end. Northern Ireland, Israel, Bosnia, Vietnam, all fit the pattern of classical literary tragedy. But we refuse to see them as tragedies, preferring in the best American way to regard them only as difficult problems in which right confronts wrong and overcomes it once the right treaty is signed, or if worst comes to worst, the villains are killed. For America, there is always light at the end of the tunnel, if only we escalate our efforts, purify our hearts, and spend more money.

THIS positive view of human action seems natural to democracy, where the goodness of the human heart is taken for granted, and where the difficult is done at once and the impossible takes only a little longer. Humanistic education, with the study of such forms as tragedy, once showed the limits of this view. But with the increasing thinning out of the humanities and the triumph of the social sciences, Americans have forgotten these old truths. Some situations can only be endured in the best way possible because they cannot be broken down into right and wrong. Certainly, they cannot be solved by some governmental program and money.

Race in America is one of these tragic situations, and the marks of tragedy spot race relations from the beginning. The author of the Declaration of Independence and the "self-evident" truth "that all men are created equal," was not only a slave owner but, it now appears from unimpeachable genetic proof, a man who entered into a long-term sexual relationship with one of his slaves and had unacknowledged children by her. In the midst of a major effort at "affirmative action," we are reminded daily of its insufficiency. Everywhere we look menial jobs are still largely filled by blacks; central cities are largely black ghettoes, from which whites have fled, where no one dares be abroad at night; reading levels in black schools are a disaster; and catastrophically large numbers of young black men are unemployed, on drugs, or in prison. Still we tell

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ourselves, or are told by the media, that enormous amounts of money are being spent on these problems by the government, that we are trying, and that things are getting better.

IN literary tragedy, the curse on the land continues until some hitherto hidden truth becomes clear enough to be understood and acknowledged. In *Oedipus*, the curse on Thebes is broken only when Oedipus tears out his eyes, when he finally understands that he is the killer of the king, his father and the husband of his mother. The play teaches that human rationality is blind to its own dark side and ignores its own weakness. In *Moby Dick*, to come closer to home, the truth is out only when the power of nature, the moral emptiness of the universe, appears in the white whale and destroys the *Pequod* and the Yankee drive of Captain Ahab to control nature and to penetrate the transcendental.

If we apply the template of literary tragedy to racism in America—which was the way we once used our Great Books—we can only wonder what kind of truth might be needed to bring it to an end at last. The Civil War, the lynch mobs of the Ku Klux Klan, the assassination of Martin Luther King, the revelation of Jefferson's guilt—all these and so many other events of pain and suffering would seem to be catastrophic enough to force the truth into the open at last and to wear out the curse. But, as in Aeschylus's *Oresteia*, where in a search for justice each revenge becomes only a new crime requiring new punishment, so with American racism each attempt to end it seems only to become a new instance of it.

What, we ask then, can possibly be the truth that will end our curse? Steele's profound answer is that it would be a full recognition that power underlies *all* of America's race relations, and that even attempts to lift the curse by acting morally and generously, as in affirmative action, are themselves only new ways of asserting black inferiority and thereby maintaining white authority. When will we know it? Only when white America can at last recognize its own aggressive pride, and when suffering causes blacks to assert their equality by taking full responsibility for their problems.

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Multicultural illiteracy

KAY S. HYMOWITZ

IF ANYONE ought to understand the unintended consequences of multicultural education, it is Ruth Sherman. The young and idealistic Sherman was assigned a third-grade class at Public School 75 in the Bushwick section of New York, a school with achievement scores so low it is on a list of the state's failing schools. Sherman gave among her first assignments a book titled *Nappy Hair*, the story of a young black girl with kinky hair. Highly recommended by teacher's colleges as a way to improve the self-image of black youngsters and to celebrate cultural diversity, *Nappy Hair* evokes the folksy teasing as well as the rhythms and idioms of African-American speech. "And she' got the nappiest hair in the world. Ain't it the truth," goes one representative passage. Unfortunately, Sherman's efforts to advance the cause of racial justice were not appreciated. Parents became enraged at the assumption that their children needed a white teacher to help them "feel good about their hair." At a school meeting, they hurled racial epithets and profanities; they threatened "to get" her. Sherman was finally forced to quit her position at PS 75—though not, evidently, her beliefs. "I'm a multicultural freak," she was quoted as saying in the *New York Post* after the fracas.

According to Sandra Stotsky's *Losing Our Language: How Multicultural Classroom Instruction is Undermining Our Children's Ability to Read, Write, and Reason*,† "multicultural freaks" like Sherman are quite the norm in America's elementary schools. A research associate at the Harvard Graduate School of Education, Stotsky has examined some of the major reading textbooks used in elementary schools around the country and has found a deadening and counterproductive multiculturalism whose consequences—racial resentment and what Stotsky calls "multicultural illiteracy"—were well on dis-

† The Free Press. 316 pp. $25.00.

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play in the Bushwick incident. In fact, it seems entirely possible that declines in reading test scores in the early 1990s, particularly among black children, were a direct result of the condescension, relentless moralizing, and pedagogical inefficacy that informs these texts. Sherman herself may have been treated abominably by parents and slow-to-react New York City Board of Education officials, but it's hard not to feel, after reading this book, that she got what many American educators truly deserve.

MANY of Stotsky's findings should sound dismally familiar to anyone who has followed the campus culture wars over the past decades. The literature that elementary-school children read introduces them to an America beset by racism, sexism, and economic injustice, much like that presented to their older siblings. In their quest to hammer away at this message, publishers have dumped classical children's literature and familiar biographical sketches—most of them by and about dead white males—and replaced them with what Stotsky calls "pseudo-literature." Pseudo-literature has one purpose: To teach about the customs, historical oppression, and that multicultural mainstay, the exotic cuisine, of various minority groups.

No longer remotely interested in appealing to children's imaginations, sense of heroism or adventure, or emerging aesthetic sense, educators seem to view the proper literary response as akin to the state of mind needed to generate a policy paper. "List ways that the quality of life for older people might be improved" goes one common sort of follow-up activity. "Brainstorm ways in which our society" could improve "the opportunities for Mexican-American children" goes another. In fact, publishers have been known to use census data in choosing their selections. Stephen Bates—author of *Battleground*, which reports on a textbook controversy initiated by a group of Tennessee fundamentalist parents in the mid 1980s—discovered one Holt, Rinehart, and Winston editor who decided to use a story he knew to be "not great literature" in order to "gain two points—a female leading character and characters with Spanish-American names." Stotsky describes a Scott Foresman story for sixth graders concerning the implausibly named Loretta Bernstein, a black Jewish Ethiopian living in the Bronx. What a bonanza! I figure four points.

If educators intended to give children a more realistic portrait of America and to improve the lot of minorities by undermining dangerous stereotypes, they have failed on both ac-

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counts. The textbooks' version of America is so weird—and weirdly stereotyped—you don't know whether to laugh or cry. Children get the impression that America is made up mostly of people of non-European ancestry. It would have to be. It seems unlikely that white males were ever up to the task of nation building since they are either deaf, suffer from Down's syndrome, or cry a lot. Girls, on the other hand, never cry and perform many heroic feats as scuba divers, astronauts, and adventurers, so much so that, as Stotsky writes, "many students may well end up thinking that the West was settled chiefly by females." The only Americans who have an interest in religion in these textbooks are American Indians and a few Mexicans. The former spend most of their time "appeasing the ancient spirits that roam the earth" and worshipping "animal gods." The latter appear to be the nation's only remaining Catholics.

YET for all their flaws, Stotsky reminds us that these multicultural textbooks are actually another attempt to tackle a prolonged and truly vexing problem in American schools: how to educate poorly prepared minority students. The selections of rich and challenging literature by the likes of Edgar Allen Poe and Joseph Addison that appeared in the McGuffey readers in the nineteenth century were designed for students from highly literate homes, especially in the North and Midwest. This material seemed out of reach for the rising number of immigrant students from barely literate families, many of them non-English speaking, who flooded urban schools during the early decades of the twentieth century. By 1930, reading textbooks sported a simplified and repetitive vocabulary, an arrangement consistent with the newly popular "sight-word" approach, which was a forerunner of our present-day "whole-language" method.

Although briefly reversed in the middle decades of the century in response to the growing band of critics of progressive methods, this dumbing down of reading textbooks accelerated in the 1970s and 1980s. Concerned first about the poor academic performance of black children and, as their numbers again began to increase, about the obstacles faced by immigrant students, educators changed course. They proposed that the problem for minority students was not a lack of skills and exposure to literate English but the failure of schools to embrace these children's own literature, customs, history, and learning styles. A growing industry of multicultural consult-

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ants, ed school professors, and state education departments pressured publishers to accept this view despite the fact that no research confirmed it, as it hasn't to this day. But then, it didn't need to. Multiculturalists were really less interested in teaching children how to read than in changing their social attitudes.

STOTSKY is plowing familiar fields here. However, her most significant point is also her most original. Not only is multicultural pseudo-literature as dull and preachy as a Soviet ministry building mural; it actually undermines the development of children's reading skills. Stotsky argues that the most important key to achieving literacy, after phonetic awareness, is vocabulary building. Yet pseudo-literature makes this impossible. For one thing, it has a dumbed-down vocabulary. Stotsky finds a marked decrease in challenging Latinate words—words like "infinite" or "solemnity" that tend to be conceptually dense—in textbook glossaries even over the past decade. Instead of promoting genuine vocabulary development and mature literacy, publishers use as their "hard" words exotic foreign terms or proper names that do not follow English pronunciation patterns, and that children are unlikely to encounter ever again.

The following examples from an original story titled "Yagua Days," by a Puerto Rican writer named Cruz Martel, illustrate the problem. In 1979, Harcourt Brace Jovanovitch published a simplified version of the story for fourth graders with lines like, "The whole family sat under wide trees and ate." In 1995, responding to pressure to challenge children more fully and to produce more "authentic" literature, Harcourt Brace restored the sentence as it had appeared in the original story. "The whole family sat under the wide trees and ate arroz con gandules, pernil, viandas and tostones, ensaladas de chayotes y tomates and pasteles." The early version may have been drab; the latter one is downright injurious. Its new words waste the precious mental energy of the novice reader while doing nothing to build up his store of useful words and concepts.

To make matters worse, multicultural theory calls for a bombardment of such foreign language words. Children might read "Yagua Days" one day and a story that contains the passage, "Tahcawin had packed the parfleche cases with clothing and food and strapped them to a travois made of two trailing poles with a skin net stretched between them," the next. Many selections also use nonstandard English like that in *Nappy*

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Hair. Double negatives and dropped final s's and g's are common in today's reading textbooks for children, another ingredient in this pedagogical recipe for illiteracy. Further, these stories are marked by simplified characters, plots, and sentence structure. Yet, as Stotsky convincingly argues, it is long, complex sentences that demand sustained concentration from children and challenging Latinate vocabulary that gives them the tools for higher-level abstract thinking. It turns out that the canonical passages from a Poe or Addison were not simply a way to pay homage to a power elite. They were better educational tools.

STOTSKY addresses her important book to parents, even providing a list of actions they might take to fight this travesty that passes for pedagogy. Her strategy makes sense. Educators who pursue multicultural illiteracy have attempted to keep parents in the dark or to impress them with their good intentions. Alas, *Losing Language* is unlikely to accomplish its task. Stotsky too often overstates her case and makes her own specific beliefs felt at odd moments, objecting, for instance, to the absence of antitax protestors in the multicultural gallery of social activists. Further, her dry prose is not up to the task of evoking in parents a rich sense of the imaginative possibilities of literature or the great loss their children are suffering as a result of multiculturalism. This is a shame. The true story of this betrayal of our nation's young, especially those from minority groups, deserves to be shouted from the rooftops. It should make parents rise up in anger, not so much, as Ruth Sherman's foes thought, because multicultural educators condescend to their children—though they surely do—but because those educators will never, ever teach their children how to read.

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Fixing Social Security

TIMOTHY TAYLOR

JUST the right mix of piecemeal reforms could enable Social Security to teeter along the edge of financial catastrophe all through the next century without ever quite going broke. Every two or three decades, Congress would need to cobble together a rescue package out of such elements as a later retirement age, lower benefits, a higher payroll tax, and investing some of the Social Security trust fund in the stock market for a higher average return over time.

The fundamental problem with this approach to reform is not that it necessitates a political soap opera every few decades—although it does—but rather that in focusing on how to reconcile future benefits and taxes, it ignores the ongoing problems inherent in the structure of Social Security. The primary problem is that because people know that Social Security is waiting for them, they save less. In turn, lower domestic saving means either depending on foreign inflows of capital, which leaves the U.S. economy exposed to the vicissitudes of international capital markets, or investing less, which reduces growth in the nation's standard of living over time.

Martin Feldstein, George F. Baker Professor of Economics at Harvard, and a former head of the Council of Economic Advisers under President Reagan, has been studying these unwanted consequences of Social Security for years. In 1974, he published a much-cited paper suggesting that the expectation of receiving a dollar of Social Security wealth reduces saving by 30 to 50 cents. Feldstein has now edited *Privatizing Social Security*,† a high-powered collection of essays by top experts in the field.

For Feldstein and the other authors in this volume, privatization of Social Security is a mechanism for increasing the dismally low U.S. savings rate. Social Security is primarily a

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pay-as-you-go system, where taxes collected from current workers are immediately funneled to retirees. Although some payroll tax money is now increasing the Social Security trust fund, even when withdrawals from the trust fund are at their peak (a couple of decades into the twenty-first century), payroll taxes in any given year will account for four-fifths of all benefits paid in that year. In contrast, a system of private individual accounts means saving now. Since most American households save so little—in 1995, half of America's households had less than $10,000 in financial savings—even putting a few thousand dollars a year into a retirement account would plausibly lead within a few years to a substantial rise in savings.

The great virtue of these essays is to get down and dirty with details of how a privatized system might work. After an overview by Feldstein, the first five chapters discuss retirement systems with a significant private element—for example, those of Chile, Argentina, the United Kingdom, Mexico, and Argentina. Three chapters then offer simulation estimates of how the transition to a somewhat private system might work in the United States while the last two chapters look at the likely investment choices and administrative costs of a privatized system. This book is not aimed at a mass audience. The essays were originally presented at a 1996 academic conference, and the authors presume an interested readership that wants to know the intimate details of institutions and calculations.

A FIRST question about private accounts is how to pay for them. Privatized retirement accounts involve two steps: Private savings accounts must be set up, and the benefits already promised to retirees must be paid. One option would be to raise payroll taxes by about 2 percentage points for a time but allow individuals to put the extra money in their private accounts. Another would be to let individuals divert some of their Social Security taxes to a private account and then pay for current retirees by enacting a nationwide retail sales tax of about 1 percent. Neither of these options sounds pleasant—reductions in disposable income never do—but the fundamental reason for the privatization of Social Security is to increase savings, which by definition will mean consuming less in the present, one way or another.

With private accounts in place, controversy arises over how much choice investors should have. More choice means a wider range of rates of return, and thus retirees who put aside the same amounts of money could end up with quite different

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standards of living in retirement. This will lead, in all likelihood, to political pressure for equalizing some of these outcomes. In Chile, for example, each company that manages private retirement accounts is allowed to manage only a single fund. Funds that perform well are required to subsidize those that perform poorly, and government regulations guarantee a minimum return on each fund. As a result, most Chilean retirement funds make similar safe investments, while trying to attract new customers with offers of toasters and sneakers.

A wider range of accounts also means charges for switching between accounts and sales calls to encourage such switching. A single government system like Social Security avoids these costs. The tradeoff here is whether to allow a wide range of investments, with higher expenses, more freedom, and perhaps more need for detailed government regulations on the acceptable levels of risk, or to limit individual retirement accounts to large indexed mutual funds, like those run by Vanguard, Fidelity and others, with less choice and lower expenses.

As the money piles up in individual accounts, there will be pressure to allow people to tap those funds for causes other than retirement: education, house down-payments, medical care, child support or alimony, legal judgments, and so on. In Mexico, those with 150 weeks of payments into a retirement account are allowed to make a one-time withdrawal equal to their monthly wage when they marry!

Upon retirement, rules will be needed to specify how much can be withdrawn as a person ages and whether people must purchase an annuity to assure a stream of income throughout the rest of their lives. Other countries often seem to allow a phased set of withdrawals, depending on age and how much remains in the account.

A final set of issues is whether to attempt complete privatization or a "side-by-side" approach in which anyone who wants to stay in Social Security, as it is presently constructed, can do so, and anyone who wants the private option can do so. The United Kingdom carried out a side-by-side reform in the mid 1980s, in which the value of the basic state pensions was held constant in real terms, and people were given incentives to shift to a private system. As a result, Britain's private-sector pension funds are already larger than those for the rest of the European Union combined, and Britain's government—almost alone in the industrialized world—does not face any long-term fiscal crisis in paying for a greying population. Argentina also

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initiated side-by-side privatization; after just two years, 90 percent of new employees were choosing the private system.

THESE essays offer tough-minded support for a partial privatization of Social Security, at least. But, given the many issues that arise with private accounts, some may wonder whether the goal of greater savings might be achieved without privatizing. In theory, the government could raise taxes by the amount that would be in the private accounts, invest the money in whatever range of assets that would be allowed to private investors, and save up surpluses in the existing Social Security trust fund. Such a system could even make payments to individuals in line with what they contributed, as if everyone had invested in the same huge government mutual fund. This centralized system would have no sales costs and no administrative costs for switching accounts, and, since everyone would receive the same return, it would sidestep controversies over what investments should be allowed.

However, this vision of the federal government as the Godzilla of savings has a certain implausibility. It requires that the government hold literally trillions of dollars of surpluses in perpetuity without spending them or taxing them away. Surely, pressure would arise to use those trillions of dollars for some political purpose. More money for highways, anyone? Within a decade or two, the U.S. government could become the single largest shareholder in every large U.S. corporation. The temptation to micromanage corporate decisions and behavior could become irresistible. Although a socialism of savings works just fine in theory, in practice, it is likely to be considerably less optimal for both retirees and for the economy.

Social Security is popular—even beloved—and deservedly so. In 1970, lest we forget, 24.6 percent of all Americans over age 65 fell below the poverty line, compared with 12.6 percent of the population as a whole. By 1996, thanks to Social Security and Medicare, just 10.8 percent of those 65 and older were below the poverty line, compared with 13.7 percent of the general population. It is no criticism of this accomplishment to note that Social Security has promised far more in future benefits than it will collect in taxes. Something has to give. The only real question is whether we react with a grab-bag of medium-term solutions, or whether we really reform Social Security and improve America's low savings rate.

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Statistical jargon

CHARLES MURRAY

ALAIN Desrosières, Administrator of France's *Institut National de la Statistique et des Études Économiques*, had the attractive idea of combining a history of the mathematical development of statistics with a history of their use by governments. The result, *The Politics of Large Numbers: A History of Statistical Reasoning*,† is the kind of book that I would ordinarily recommend as professional reading for today's quantitative policy analysts. Among its other uses, such a history reminds us how new and immature our profession is. Startlingly few national data were supplied on an annual basis until recently. In the United States, a statistic as basic as the unemployment rate wasn't invented until the 1930s. Analysts could not track annual changes in family income until the late 1940s. National breakdowns of socioeconomic indicators by race did not become available until the 1950s.

The statistical techniques policy analysts now take for granted are also recent creations. The correlation coefficient was invented little more than a century ago. Survey researchers and pollsters were still learning how to take a halfway decent sample in the 1930s. The staple of contemporary policy analysis, multivariate regression, was first used for a major policy analysis in the mid 1960s, in the famous Coleman Report.

The Politics of Large Numbers thus could have filled an important role. Several good books have been written on the history of mathematics and statistics, but few on the use of statistics by governments and, to my knowledge, none that combines both narratives. Another virtue of *The Politics of Large Numbers* is its international sweep, encompassing the experiences of France, Germany, Britain, and the United States. Without question, the book has a lot of useful information stuffed into it. The question prospective readers must ask

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themselves is how much work they are prepared to devote to extracting it—for the book has one, but significant, shortcoming. It is nearly unreadable.

THERE are moments of relief. Sometimes Desrosières presents a straightforward narrative that lasts for several pages. But these are moments punctuating a wearying struggle. I do not know how to apportion the blame between a French academic tradition that seems to value prolixity, a transnational tradition of bad writing in the social sciences, or the failings of the translator. Whoever or whatever is to blame, the writing is dreadfully convoluted even when the underlying message is simple. It is one thing to wade through difficult prose if one is rewarded with thoughts so exquisite that they could be expressed in no other way. It is maddening to do it for commonplaces.

How am I to document this point in a brief review, when everyone knows that a disgruntled reviewer can find a few opaque sentences in the most crystalline of books? Let us go to that part of a policy book where we can be sure the author wants to be clear: the last chapter, which he knows is the only part of the book that his readers are sure to read (or at least look at). Here are the opening two sentences:

> Among the traits characteristic of the historical line of research begun during the 1930s by the *Annales* school, reference to statistical objectifications has been significant. From this point of view quantitative history has inherited, via Simiand, Halbwachs, and Labrousse, elements of the Durkheimian school and, even closer to the source, of the mode of thinking centered on averages engendered by Quetelet, who opposed macrosocial regularities to the random, unpredictable, and always different accidents of particular events.

Let me assure you that familiarity with the *Annales* school, Simiand, Halbwachs, Labrousse, the Durkheimian school, and Quetelet does not make decoding these sentences a whole lot easier. Now let us go to the place within the last chapter where the author has the maximum incentive to be not just clear but compelling, the very end of the book. Here, in its entirety, is the closing paragraph of *The Politics of Large Numbers*:

> A public debate that employs statistical reason, either in support of its investments or to discuss them, is thus circumscribed by

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> contradictory constraints. On the one hand, controversy can lead to a questioning of the equivalence and permanence of the qualities of the objects. But on the other hand, the institution of other conventions is very costly. I would like the reflection offered in this book on the relationships between statistics and the public sphere to help clarify and analyze these spaces of durably solidified forms, which must simultaneously remain undebated so that life may follow its course, and debateable, so that life can change its course.

I REST my case. The problem is not that the sentences are completely uninterpretable—here, for example, Desrosières is making a reasonable point about the pragmatic utility of social statistics and their imperfections as representations of reality. But what a morass of words he uses to convey a simple thought. If you can discern subtleties I missed, *The Politics of Large Numbers* may be the book for you. Otherwise, readers may wish to wait for a more accessible history on this important topic.

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